

ASIA'S TOP LP GIC REMAINS FOCUSED ON LONG-TERM 20 YEAR PERFORMANCE

The GIC Portfolio achieved an annualised USD nominal rate of return of 5.8% over a 20-year period that ended 31 March 2024. Accounting for global inflation, GIC's annualised real rate of return over the same period was 3.9%. The rolling 20-year real rate of return is the primary metric for evaluating GIC's investment performance. It is in line with GIC's mandate to preserve and enhance the international purchasing power of the reserves under its management over the long term – that is, to achieve good long-term returns over global inflation.

“Investors are now in uncertain terrain and must rely on their purpose and unique strengths. In GIC's case, our purpose – to preserve and enhance Singapore's foreign reserves for the long term – means staying disciplined and diversified,” said Mr Lim Chow Kiat, Chief Executive Officer of GIC.

Over the past years, GIC has been diversifying on a far more granular level to enhance the resilience of the total portfolio. This includes stepping up its investments in infrastructure and real estate. In addition, investment teams across all asset classes continue to maintain strict price discipline, carefully weighing risk-reward prospects of potential investments to ensure adequate compensation for assuming the risks.

“The profound uncertainty we face is likely to continue to weigh on returns. Amidst this volatility, we must play to our strengths and seize new opportunities. One example is climate transition. We saw an opportunity to leverage our long-term, flexible capital – one of GIC's key strengths – to bridge a funding gap for climate technologies such as green steel and battery storage, where companies often find themselves caught between traditional buckets of capital. These companies require long-term capital to grow, but they are too mature for venture and growth equity, yet lack the track record to attract infrastructure funding. This year GIC established an investment programme for green assets, following the early success of the Sustainability Solutions Group in the Private Equity department investing in climate technologies,” added Mr Lim.

“Another strength is our global partnership network. This year GIC marks the 40th anniversary of our New York office and the 10th anniversary of our São Paulo office. We established our New York office – our first outside of Singapore – just three years after our firm's inception. Then, we had just 10 staff who mainly focused on fixed income. Since then, the office has grown to become our largest outside of Singapore, with 250 staff responsible for deploying capital across all major asset classes and investment sectors. Our São Paulo office had similar modest beginnings, and within one decade has established GIC as one of the largest and most active institutional investors in Latin America,” said Mr Lim.

<https://www.gic.com.sg/newsroom/all/gic-remains-focused-on-long-term-performance-amidst-profound-uncertainties-in-the-investment-environment/>

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OBJECTIVE

The Project Objective is to promote the reduction of greenhouse-gas emissions as a path to net zero by investing in renewable energy infrastructure, energy solutions and sustainable transportation in Asia, with a leaning towards emerging Asia.

DESCRIPTION

The Project is proposing an equity investment of USD75 million into the Actis Asia Climate Transition Fund (AACT, the Fund) plus a co-investment sleeve up to USD25 million alongside the Fund. The Fund will be managed by Actis GP LLP (Actis).

The Fund is characterized by strong strategic alignment with AIIB's Corporate Strategy and Thematic Priorities supported by Actis' solid investment track record in emerging markets. Leveraging Actis' sectoral expertise in energy and sustainable infrastructure, the Fund mainly targets making investments that align with climate transition themes in the following sub-sectors including (i) renewable energy infrastructure, (ii) energy solutions and (iii) sustainable transportation, via controlling or significant minority stakes.

The Fund will also include measures to close gender gaps by improving women's access to employment, entrepreneurial opportunities, and leadership positions in portfolio companies and their value chains.

Geographically, the Fund's investment strategy mainly targets opportunities that are operating in countries in Asia and the Pacific including India, Indonesia, Malaysia, the People's Republic of China, the Philippines, Thailand, and Viet Nam.

The Fund is Sustainable Finance Disclosure Regulation (SFDR) Article 9 classified with objectives of materially reducing greenhouse gas emissions on its investments

Philippines Venture Capital Report 2024

In 2023, the Philippines demonstrated its resilience amidst macroeconomic headwinds that challenged the international venture capital scene. The country experienced a comparatively modest decline in funds raised versus neighbouring countries, and witnessed its highest ever total yearly deals, with a noteworthy influx of international investors making their maiden investments into the Philippines.

How did the Philippines achieve such phenomenal growth and success, and what lies ahead for the country's startup players?

In this year's Philippine Venture Capital Report 2024, Boston Consulting Group and Foxmont Capital Partners explore the drivers behind deal activity in the Philippines in 2023, key players, as well as the next wave of opportunity for the Philippines' startup landscape.

[Read the report](#)

CVC Private Equity Funds Activated

CVC Capital Partners plc, a global leader in private markets, announced that Europe / Americas Fund IX, Asia VI and Strategic Opportunities III have been activated on 3 May 2024. These activations are at the earlier end of guidance (mid-2024), given increasing deployment activity.

Following the activation of the €26.8 billion¹ Europe / Americas Fund IX (the largest private equity fund ever raised globally), and \$6.8 billion² Asia VI (50%+ larger than its predecessor fund), these funds will start charging management fees on committed capital, while predecessor funds (Fund VIII and Asia V) will start charging fees on invested capital at a lower rate (“step down”).

For Strategic Opportunities, management fees are calculated as a percentage of invested capital with no “step down” post investment period.

1 Fund size increased from €26.5 billion, to reflect final GP commitment / investment.

2 Including GP commitment / investment.

Chinese LP PING AN releases Sustainability Report

Ping An Insurance (Group) Company of China, Ltd. (hereafter "Ping An", the "Company" or the "Group", HKEX: 2318 / 82318; SSE: 601318) has published the "Ping An Sustainability Report 2023: Together With Hope" (hereafter "the Report"). The Report highlights the Group's innovation and practices in sustainable development in 2023 in five areas, including sustainable development and strategy management, sustainable business, sustainable operations and community, sustainable governance and Task Force on Climate-Related Financial Disclosures (TCFD) report. This is the 15th consecutive year Ping An has released a sustainability report.

Sustainable development is one of Ping An's development strategies and the basis for maximizing the Group's long-term value. Ping An continues to focus on addressing customer needs, developing the "integrated finance + healthcare and eldercare" strategy, improving corporate governance and risk management and control mechanisms, pursuing green and low-carbon development, and contributing to China's "dual-carbon" goals – to reach peak carbon emissions by 2030 and carbon neutrality by 2060. The Group is committed to creating robust and sustainable long-term value for customers, employees, shareholders and society.

10 highlights of Ping An's sustainable development in 2023

1. Marking 12 consecutive years of cash dividend increases and introducing performance metrics that link sustainability performance to senior management pay. Ping An continuously adopts the world's best corporate governance practices, aiming to set an example in corporate governance and provide stable returns to shareholders. In 2023, the Group distributed full-year cash dividend RMB2.43 per share, up 0.4% year-on-year, with the total dividend increasing for 12 consecutive years. Since 2012, the cumulative total dividend surpassed RMB300 billion. To drive comprehensive internal ESG management, Ping An includes compliant operation indicators, risk management indicators, economic efficiency indicators, and social responsibility indicators in its performance appraisal mechanism. Among all, the key performance indicators of sustainable development issues such as rural revitalization and green finance have been incorporated into the Group's senior management pay linked to sustainability.

2. Facilitated green development and increased green insurance premium income by 49% year-on-year. Ping An is committed to supporting economic development, social progress and environmental improvement with comprehensive and professional risk protection. As of the end of December 2023, Ping An's total sustainable insurance premium income reached RMB 557.725 billion, up 2% compared to the end of 2022. In particular, green insurance premium income amounted to RMB37,296 million, up 49% year-on-year. The scale of Ping An's responsible banking business was approximately RMB1.21 trillion and the compound annual growth rate in the last three years reached 35%. In particular, the green loan balance reached RMB146,345 million, representing a year-on-year growth of nearly 26%.

3. Continued to serve society, improving accessibility and inclusivity of financial services. Ping An leverages its integrated finance advantages, proactively expanding its rural network channels and is dedicated to delivering financial services to residents in rural and county regions. As of the end of December 2023, Ping An Group operated 59,303 financial service reach of points across the country. Ping An Property & Casualty (P&C) provided over 2.29 million small and micro enterprises with comprehensive risk protection totaling more than RMB 200 trillion and processed more than 1.68 million claims worth more than RMB 3.2 billion. The scale of Ping An's inclusive banking business reached RMB718.7 billion, offering loan services to more than 1.03 million small and micro-businesses.

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4. Delivered on responsible investment strategy and fully incorporated ESG factors into investment decisions. The Group has fully integrated ESG factors into the entire investment decision-making process for its insurance funds. As of December 31, 2023, the total amount of responsible investment of insurance funds reached RMB725.3 billion. More than 83% of the assets in the Group's insurance fund investment portfolio were managed by asset managers that are UN PRI signatories. Among them, green investment reached RMB128.6 billion, a 19% increase compared to the same period last year.

5. Maintained commitment to green operations, with 14% year-on-year reduction in carbon emissions. In 2023, Ping An launched China's first carbon account system in the insurance industry, which covers all employees. The system tracks and records each employee's low-carbon behaviors at work and in daily life, and individual carbon emissions. This system allows for the comprehensive assessment and management of carbon emissions. As of the end of December 2023, Ping An's employee carbon account system included a total of 494,500 carbon reduction actions and achieved a reduction in carbon emissions of close to 18,000 tons. In 2023, Ping An's total greenhouse gas emissions in its operation was more than 420,000 tons of carbon dioxide equivalents (tCO₂e), a decrease of nearly 14% year-on-year; per capita emissions were 1.35 tCO₂e, a 5.6% decrease year-on-year.

6. Implemented its healthcare and elderlycare ecosystem strategy, providing customers with "worry-free, time-saving, and money-saving" health and elderlycare services. With the ongoing trend of population aging in China, Ping An continues to deepen its "integrated finance + healthcare and elderlycare" strategy. While providing traditional insurance protection, it integrates the responsibility of integrating healthcare and elderlycare service resources and managing customer health, to provide customers with the best cost-effective healthcare and elderlycare services. As of the end of December 2023, nearly 64% of Ping An's 232 million retail customers also used services provided by the healthcare and elderlycare ecosystem, with customers entitled to service benefits from the ecosystem accounted for more than 73% of Ping An Life's new business value

7. Invested in development and welfare of employees and agents and achieved an employee satisfaction score of 87/100. Ping An offered 375 training courses for employees at all levels. In 2023, the average training duration per person in the Group reached 45.1 hours. Ping An has put in place long-term incentive and restraint mechanisms and implemented the Key Employee Share Purchase Plan and the Long-term Service Plan. As of the end of December 2023, a total of 103,232 employees participated in the Core Personnel Stock Ownership Plan and Long-Term Service Plan, a coverage rate of 36%. The Group has established a diversified workforce, with women comprising 42% of senior management and 51% of its employees. Ping An received an overall satisfaction score of 87/100 in its 2023 employee satisfaction survey, an increase from 2022.

8. Enhanced consumer protection and experience, and improved the Group's net promoter score (NPS) for the third consecutive year: In terms of customer service, Ping An maintains a specialized service hotline 95511, with an average daily consultation of about 2.12 million people in 2023. The Group upgraded the customer experience through a smart claims process, with the fastest process taking only 20 seconds to complete the report and the average claim application only taking 10 minutes; The Group also conducted an annual audit in 2023 on consumer protection, focusing on the review of system construction, mechanism and operation, operation and service, education and publicity, dispute settlements and other aspects. Ping An has achieved a NPS of 59 in 2023, representing three consecutive years of growth.

9. Improved information security and AI governance, certificated by ISO/IEC 27001/27701 with a 100% approval rate of annual certifications. Ping An constantly improves its information security management system to ensure the confidentiality, integrity, and availability of information. In 2023, Ping An completed 59 security emergency drills with its member companies, covering nine emergency drill scenarios such as dealing with ransomware, anti-DDOS attacks and phishing emails. Ping An also carried-out database backup and recovery drills and the cross-regional joint disaster recovery drills, effectively consolidating the Group's emergency response capability for information security. In 2023, Ping An provided more than 50 information security training and education sessions for all employees and related third party personnel, covering terminal security, data security and office security.

10. Actively fulfilled social responsibilities and strengthened community impact: Ping An launched its "Rural Communities Support Program" in 2018 to support rural revitalization. In 2023, it offered RMB40.729 billion in industrial revitalization assistance funds. As of the end of 2023, the cumulative funding for industrial revitalization was RMB117.9 billion. The Group has also assisted the construction of 119 Ping An Hope primary schools across the country, and the number of volunteers from Ping An employees and agents has surpassed 500,000. In 2023, the Ping An Volunteer Teaching Action program recruited 1,167 volunteers, trained more than 100 seeded instructors and rural teachers, and awarded scholarships amounting to RMB 602,000 awarded to 396 students.

Chinese LP PING AN releases Sustainability Report

Technology-driven sustainable development

Ping An widely utilizes the leading technological capabilities to empower its main financial businesses, achieving cost reduction, efficiency improvement and promotes sustainable development. In 2023, Ping An achieved a total gross premium of RMB300.3 billion through customers' self-service insurance renewals with AI guidance, an increase of 13% year-on-year; AI service representatives provided customer service about 2.22 billion times. Ping An P&C's Disaster Risk System (DRS 2.0) and catastrophe emergency service platform developed by provides strong technological support for disaster mitigation. The system covers eight kinds of disaster risk maps, including typhoons and rainstorms, and 15 disaster early warnings. In 2023, Ping An issued 572,000 warnings about the potential impact of typhoons, rainstorms, floods and other disasters and sent 8.57 billion early warning messages, covering 87.04 million individuals and enterprises, and provided on-site hazard investigation and other services for more than 52,000 customers.

Sustainable supply chain

Ping An integrated ESG requirements into its closed supply chain management, from selection and verification, management and integrity to tracking and feedback, and focuses on suppliers' ESG performance in aspects of information security, employee rights and interests, and environmental protection. Ping An has added ESG requirements to existing supplier contracts, including information security and privacy protection, low-carbon and green technology transformation and development, labor rights protection and employee development, 100% of supplier contracts have included sustainability requirements. In 2023, Ping An provided targeted education on ESG management requirements and ESG risk practice for suppliers, with annual training coverage of 100%. The Group eliminated 393 suppliers due to failure to meet sustainable development and other requirements.

Industry leadership

Ping An continues to leverage its influence in sustainable development in the industry as well as strengthen internal management. In 2023, Ping An Group participated in the formulation of two industry-wide ESG standards: 1) the self-regulatory Green Insurance Classification Guidelines (2023 Edition) covering green insurance products, green investment of insurance funds and green operation of insurance companies and 2) the Guidance for Disclosure of Environmental, Social and Governance (ESG) Information for Insurance Institutions. The latter is the first domestic self-regulatory document for enhancing ESG disclosure frameworks and content in the insurance industry. Furthermore, Ping An became the first asset owner signatory from Chinese to the UN Principles For Responsible Investment (UNPRI) and the first company in Chinese mainland to sign the United Nations Environment Program Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI) and Climate Action 100+.

In 2023, Ping An maintained "A" in MSCI ESG Ratings and remained No. 1 in the multiline insurance and brokerage industry in the Asia Pacific region. The Group was also awarded Top 1% of Chinese Companies in the S&P Global ESG Score by S&P's Sustainability Yearbook (China) 2023. Ping An has also received a "Low Risk" ESG Risk Rating from Sustainalytics, ranked #1 in Mainland China's insurance sector.

The sustainability report was compiled in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited and with reference to the Guidelines on Environmental Information Disclosure for Financial Institutions in Shenzhen, Global Reporting Initiative (GRI) Sustainability Reporting Standards, Guidelines on Environmental Information Disclosure for Financial Institutions issued by Insurance Association of China, as well as the Sustainability Accounting Standards on Commercial Banks, Insurance and Asset Management & Custody Activities published by the Sustainability Accounting Standards Board (SASB). Deloitte Touche Tohmatsu Certified Public Accountants (LLP) has carried out an independent third-party assurance on the Report. To access the full report, please click [here](https://www.prnewswire.com/news-releases/ping-an-releases-2023-sustainability-report-302116572.html).

India: TPG RISE Invests in Fourth Partner Energy

Investec India acted as the sole Financial Advisor to Fourth Partner Energy, India's leading distributed energy platform and its shareholders on its \$125 Mn investment from Norfund and TPG Rise Fund.

As part of the transaction, Norfund would invest \$100 Mn and existing shareholder The Rise Fund would invest an additional \$25 Mn. The transaction also provides an exit to certain early-stage investors such as Infuse Ventures and ESOP holders.

Investec's Role:

- Investec's deep understanding of the sector and past experience with the company, we attractively positioned the asset to prospective investors and also pre-empted potential diligence bottlenecks to ensure a smooth process.
- Investec leveraged our network of cross border teams to reach out to 80+ investors across Europe, Asia and North America. The transaction drew participation from a diverse investor pool across global and domestic PE Funds, pension funds, SWFs and Oil & Gas majors.
- Investec balanced interests of multiple stakeholders to create a foundation for a long-term partnership. We negotiated the base valuation and established a mechanism for valuation up-tick, devised an attractive Management Incentive Plan for the founders/ employees and secured a lucrative exit for early stage investors.

About Fourth Partner Energy:

Fourth Partner Energy is among the Top 3 players in the distributed C&I energy space in India and manages a portfolio of 550 MW across its distributed and open access solar projects. The company has leveraged its projection execution capabilities to commence operations across Sri Lanka, Bangladesh and Vietnam. In Indonesia, 4PEL has partnered with integrated energy major Indika Energy to offer RE + storage electrification solutions to corporates in the region and play a pivotal role in island electrification projects. Fourth Partner would deploy the proceeds towards business expansion across Indian and International markets and accelerate the company growth in clean energy solutions including EV charging infrastructure and energy storage solutions.

The transaction marks Norfund's first equity investment in the country and is a testimony to Investec's cross-border capabilities. Investec India previously advised the company on their \$75 Mn fundraise from the Rise Fund in 2018 and is a repeat client for us.

US Rate Cut Implications for Asian Private Equity

U.S. interest rate cuts and China's economic stimulus package for markets will be conducive to private equity deals in Asia, with lower funding costs and better market sentiment expected to make exits easier, industry players said.

The U.S. central bank last week cut interest rates for the first time in more than four years, with more easing expected. High interest rates over the past two years have weighed on private equity firms' financing costs, making leveraged buyouts trickier.

China, on the other hand, this week unveiled broader-than-expected monetary stimulus and property market support measures to restore confidence in the world's second-largest economy, with more fiscal measures expected to be rolled out soon.

Private equity firms typically exit from their portfolio firms via initial public offerings of shares and trade sales, which have been made tougher due to the volatile market conditions.

"With the Fed entering a rate-cut cycle, we expect financing conditions to improve which will likely drive a recovery in exit activity and asset valuations, narrowing the valuation gap between buyers and sellers and creating more opportunities for dealmaking," Janice Leow, head of Swedish private equity firm EQT Private Capital Southeast Asia, told Reuters. She added that liquidity would improve, creating a more favorable backdrop for private equity firms to achieve strong exits.

A senior private equity investor, focusing on Asia, said the rally in the Asian stock markets would be helpful to get companies listed and get the "valuations back up to reasonable levels" for a lot of the portfolio companies. PE-backed mergers and acquisitions in the Asia Pacific, including Japan, jumped 14% on-year to \$105 billion in the first three quarters this year, according to LSEG data, largely boosted by the \$16 billion takeover of Australian data centre provider AirTrunk by a Blackstone-led consortium. Still, the number of new deals plunged 43% from the same period last year.

Asian markets have climbed this week following the unveiling of China's stimulus measures, and latest data showing consumer confidence dropped by the most in three years have fueled expectations of another bumper rate cut in the U.S.

"We are hopeful and optimistic that rates coming down will be positive for exits by GPs," said an executive at one of the world's biggest institutional investors, referring to general partners or fund managers which make the investment decisions for a PE firm.

Blackstone is one of the GPs active in monetizing their assets recently. In July, the U.S. private equity firm announced it was selling Japanese drugmaker Alinamin Pharmaceutical to a North Asian buyout fund.

"We have sold multiple companies in Japan and Korea to the other sponsors. So overall for us, I would say that finger cross (it is a) very robust exit environment," Blackstone's senior managing director Amit Dalmia said at a Singapore conference this week.

Three Locomotives Drive Asian Private Equity, Neuberger Berman

Why consider exposure to Asian private equity markets?

Asia accounts for about 46% of global GDP, 60% of the world's population and 60% of expected global growth through 2030. Its current 5% growth rate is less than historical levels, but still respectable. In short, Asia represents a substantial and attractive opportunity that merits portfolio exposure.

What's more interesting, however, is that private equity penetration across Asia is still lower than in the U.S. or Europe—creating ample opportunities for investors. Lower penetration means that competition is generally less intense. The U.S. and Europe are fairly mature markets with many well-established general partners. In Asia, there are fewer well-established GPs. As a result, the private market is less efficient and thus provides more openings for seasoned investors.

Why think about Asian private equity as multiple markets?

Within Asia, we are fortunate to have three of the largest economies in the world: China, Japan and India. Each of them is in a different stage of economic development. Japan used to be the powerhouse of global manufacturing and exports, but fell into an extended period of stagnation. Then, China's reforms and open-door policy helped it become a driver of global growth—a role that lasted for two decades. Now that China is slowing down, India is growing rapidly, replacing China as the region's growth engine.

These economies can be thought of as three locomotives. Each of them may be moving at high speed for some time, but at some point, may need to go back to the workshop for repairs, and eventually come out better and stronger than before.

That's what makes Asia interesting as an investment destination—it's not synchronized with the U.S. or Europe, but it is also not synchronized internally, and can thus offer meaningful diversification.

Private equity market dynamics in Japan

Despite its status as a leading economy, Japan's private equity market is small in size relative to that economy. As such, valuations remain attractive, in our view.

This is particularly the case among midsize and small companies. At the larger end, there are many global private equity players; among smaller caps, however, local general partners tend to focus on privately owned businesses looking for succession solutions or carve-outs of non-core assets by major corporations.

We are seeing an increasing number of opportunities to buy out high-quality businesses, many of which are market leaders in growing sectors. This increase is primarily due to wider acceptance and an improving perception of private equity sponsors among corporate managements and business owners. This, in our view, has resulted from sponsors' decades-long diligent and prudent effort to add value to their portfolio companies. Unlike many other parts of the world, sponsors in Japan also benefit from still-abundant leverage financing, with cost typically as low as 2 – 3%, in our experience.

Even with its macro issues, do you continue to find opportunities in China?

"If you had asked me five years ago, I would have said that China is "a bit too hot," with too much capital chasing a limited number of deals, leading to high prices. Now, given the ongoing challenges of the macro environment, geopolitics and domestic structural issues, valuations in the public and private markets have come down substantially. In the private market, we've found that many deals are at 50% of previous levels, which creates appealing special situations.", said Kent Chen, Head of Asia Private Equity at Neuberger Berman

In the property market, for example, some liquidity-constrained property developers, in order to service their debt, are selling high-quality, non-property assets at attractive valuations. And due to the poor market sentiment, a lot of operationally sound, profitable companies with solid fundamentals listed on various stock exchanges are trading at deep discounts to their IPO prices. It's possible to take those companies private and "warehouse" them for a few years before taking them public again in Hong Kong or Shanghai.

The environment in India is quite different, obviously.

"India has received a lot of attention in the last several years, but rightly so, because of its strong growth momentum. In contrast to China, many people worry about valuations in India. But in our view, the high secular GDP growth may justify some of those valuations, particularly for fast-growing, market-leading companies. At the same time, we are very selective and disciplined; if we think a deal is too expensive, we will not hesitate to walk away, but we aren't fazed if a good business with strong growth potential is trading a little higher than it otherwise might be.", said Kent Chen, Head of Asia Private Equity at Neuberger Berman

So that's the diversified opportunity set of Asia in a nutshell. You have value in Japan, special situations in China and growth in India—with all three locomotives operating at different speeds and providing different opportunities.

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