

The Distressed Debt Report

NEWS, INFORMATION, AND ANALYSIS OF DISTRESSED DEBT IN THE MIDDLE MARKET

W Capital, Rock Hill Funds Hope to Capitalize on Distressed Market

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W Capital Partners sees opportunities in banks and hedge funds looking to bail out of suddenly illiquid private equity investments. The New York private equity fund last week announced the closing of its second private equity fund targeting portfolios of direct private equity and venture capital investments from the secondary market.

The fund said it received \$700 million in total commitments, exceeding its original target of \$500 million.

David Wachter, managing director, said W Capital Limited Partners II just closed on its last capital raise, but started making investments about six months ago. Roughly 20% of the fund has already been allocated to long-term equity investments in mid-to-late-stage companies. W's goal is to have the fund completely invested in three to five years, Wachter said.

Limited Partners I was launched in 2004 and has invested its full \$250 million in allocations. Seven-year old W Capital oversees about \$1 billion in assets under management including the two funds, according to Wachter.

Rock Hill Capital Group of Houston said last week that it launched its first private equity fund. The \$50 million vehicle is seeking to make its first investments in small to middle market companies, according to Randall Hale, founder of the nine-month old Rock Hill.

The current turmoil in the credit markets could make it harder for smaller companies to raise capital. That may mean that this could be an opportune time for the fund, Hale said. Rock Hill plans to have the fund fully invested within four to five years.