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W Capital hits \$750m hard-cap

The private equity firm that focuses on restructuring and liquidating aging private equity funds has already made six investments from Fund III.

By Chelsea Stevenson

W Capital Management closed its third fund on its hard-cap of \$750 million and has already started investing, according to a statement from the firm.

About \$100 million has been invested in six completed transactions since June 2012, the firm said. Two of the six transactions have been liquidated, including party supplies company Oriental Trading, which was acquired by Berkshire Hathaway at the end of last year, according to the statement.

“Our investors recognise the growing need for liquidity alternatives in private equity”, said David Wachter, managing director of W Capital, in the statement.

The fund launched in June 2012 after a few dry closes, in which it didn’t call any capital forward and the fund was inactive, but existing investors had committed.

Fund III received commitments from more LPs than its prior funds, including a substantial number of small endowments, foundations and high net-worth individuals, according to Wachter.

Credit Suisse acted as the placement agent for Fund III, the statement said.

Since 2001, W Capital has specialized in direct secondaries and restructuring aging private equity funds and has invested \$1 billion in total capital since inception. Its previous fund closed on \$700 million in 2008, according to Wachter.

W Capital is investing in an environment flush with opportunities to help restructure funds that are near to or are exceeding their contractual lives.

“There is a significant number of funds that are reaching end of life and we look at the opportunity as both offering restructuring solutions as well as exit options for underlying assets ... we believe we can address both types of situation, and that there will be significant interest and activity for both,” Wachter told Private Equity International.

It is unclear how much net asset value resides in aged funds, but it could be around \$75 billion to more than \$100 billion. There are at least several dozen very interesting fund recapitalisations and several hundred funds that will be asked to do the best they can to wrap up existing partnerships, Wachter explained at a PEI roundtable discussion in April.

W Capital has \$1.7 billion in assets under management and has made more than 100 growth equity and buyout stage investments, according to the statement.