

Indian multi-family office to upsize next FoF as it targets international LPs

Waterfield Advisors' next fund of funds could be more than five times larger than its predecessor, which has so far raised about 90% of its target, PEI has learned.

Waterfield Advisors, an Indian multi-family office, will consider a substantially larger target for its sophomore fund of funds in a bid to accommodate international LPs, *Private Equity International* has learned.

The Mumbai-headquartered institution has so far raised about 90 percent of its roughly \$70 million target for **Fund I** and is expected to hold a final close this month, Siddharth Jhunhunwala, head of Waterfield Fund of Funds, told *PEI*. Capital was raised from Indian family offices and high-net-worth individuals.

Fund I has already deployed about 50 percent of its capital across three growth equity and two venture capital funds, Jhunhunwala added. The final portfolio is expected to be 60:40 in favour of the former.

“We want to raise a lot more... international capital for our next fund,” he said. “For our next fund we are targeting to raise between \$300 to \$400 million. There is a clear pipeline where you can actually deploy that much capital in the country, both with respect to emerging and established fund managers.”

Indian private equity activity has exploded in recent months. Deal value reached \$65 billion last year, 125 percent higher than the

preceding five-year average, according to Bain & Co. Exits were also up 135 percent over the equivalent period at \$38 billion, fuelled by looser listing requirements. Internet and technology assets in particular have been highly prized, accounting for 62 percent of deal value last year.

International firms have already been making the country a priority during the pandemic. Baring Private Equity Asia signed or completed three new investments in India last year, representing more than \$2.1 billion of total equity commitments. KKR struck the same number of India deals in 2021, including its \$625 million acquisition of Vini Cosmetics and \$234 million investment into Five Star Business Finance as part of a wider consortium.

“I think people [will] get a lot firmer on India if this whole excitement is sustained for the next two to three years,” Jhunjhunwala said. “If this continues, there’ll be a lot of international capital that opens up for direct GPs and funds of funds... There is excitement for sure, and there should be excitement, but we’ll be able to get a lot more of it, and stickier international capital, if this is proven to be sustainable.”

India’s market share of Asia-Pacific private equity rose to 20 percent last year as regulatory actions in China spooked international investors, per Bain & Co. *PEI* is aware of at least one pan-regional fund manager that is expected to increase its India focus at the expense of China in the short term.

“Has the China issue helped India? Of course it has,” Jhunjhunwala said. “China has been the biggest customer of dollars in the geography for a fairly long time, but I think the sudden slowdown and regulatory involvement did spook a lot of capital, and in a way it did move to India.”

Jhunjhunwala joined Waterfield in 2020 after three years as a co-investment and primaries-focused investment professional at fund of funds giant [**Asia Alternatives**](#). His appointment preceded a flurry of government efforts to unlock capital for alternative assets.

Last year, India authorised pension funds to back alternative investment vehicles targeting domestic small- and mid-cap enterprises, social ventures, venture capital and infrastructure. The move coincided with a regulatory change permitting local insurers to back India-focused alternatives funds of funds. Both measures could [**unlock an estimated \\$28 billion**](#) for India by 2030.

“There are so many fund managers that have sprung up over the past few years,” Jhunjhunwala said. “Many of them are angel investors that have made a lot of money from their own pocket and have the confidence of setting up their own funds.”