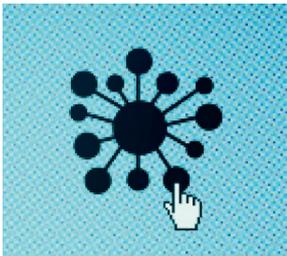


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# Germany's SwanCap returns to market with new fund

Elisângela Mendonça

European direct co-investment specialist SwanCap Partners is set to hold the first close of its fifth fund by the end of October, Florian Kreitmeier, SwanCap's managing partner and co-CEO, told *Private Equity News*.

The fund of funds, launched in July, has an initial €400m target and is a co-mingled strategy, combining primaries, secondaries and co-investments, with typical investment size of between €10m to €30m per transaction.

The fundraising follows the final close of Private Equity Co-Investment Opportunities Fund IV, or Swan IV, earlier this month, when it collected €300m – above the initial €250m goal.

The firm's co-investment strategies focus on the buyout mid-market segment, targeting funds in the healthcare, IT, consumer and industrials sectors in Western Europe and North America.

Headquartered in Munich, SwanCap is a mid-market firm with about €3bn in assets under management.

The firm was "lucky" enough to be on the road with the fund before the Covid-19 crisis hit, which helped to attract investors, Kreitmeier said.

"Fundraising activity during the pandemic has certainly changed. Hence going into the second quarter, we had established most of the relationships already. Today we are very active in maintaining such dialogues in a virtual format," he noted.

Despite that, when lockdown restrictions were put in place, the firm postponed the fund's final closing by six months.

But SwanCap is not alone.

Private equity firms are finding it harder to close new funds in the time of social distancing and Zoom meetings, *PEN* has recently reported.

The number of new private equity funds to reach final close fell sharply in the first half of the year. Globally, 552 private equity funds reached their final close in the first half of the year, 31% fewer than in the same period last year, according to data provider Preqin.

"We do our best to make the interactions as lively as possible. But a personal get together and 'touch and feel' is key to be able to build a relationship of trust," Kreitmeier added.

Swan IV fund has so far concluded 12 buyout transactions and is 40% deployed.



## Private equity becomes more attractive to investors amid Covid-19 pandemic

David Ricketts

Growing uncertainty caused by the Covid-19 crisis has led to an increase in nervousness among some of the world's largest investors, with most straying into private markets in an attempt to find attractive sources of return.

According to a Schroders poll of 650 institutional investors, overseeing \$25.9tn in assets, 79% said a global economic slowdown would have the biggest impact on investments over the next 12 months – up from 49% 12 months ago.

The Schroders survey revealed a drop in the number of investors who expect to meet their anticipated returns this year, with 33% confident they will do so – down from 52% in 2019.

The expected hit on investment portfolios has prompted investors to look for opportunities, with 81% of respondents to the Schroder survey indicating the crisis posed

a buying opportunity. Some 71% said they would look for undervalued assets, while 26% indicated they would continue to make allocations to alternatives and private markets to reduce their exposure to listed assets.

Private equity, infrastructure equity and private debt were cited by investors as the main three private asset classes where institutional investors expect to increase allocations over the next three years.

The survey results come after recent figures laid bare the impact Covid 19 has had on the UK economy.

According to figures from the Office for Budget Responsibility, the UK's public debt was shown to have skyrocketed to just over £2tn for the first time amid the government's spending drive to support the economy amid the coronavirus crisis.

Meanwhile, the International Monetary Fund outlined three points of action needed to help

the global economy emerge from the Covid-19 pandemic.

Kristalina Georgieva, the IMF's managing director, and chief economist Gita Gopinath, claimed that bringing the health crisis to an end, finding productive jobs for people and building a more sustainable and inclusive economy were all necessary.

Georg Wunderlin, global head of private assets at Schroders, said: "Historically, crises have shown that portfolios with significant exposure to private markets can achieve long-term investment performance."

"The Institutional Investor Study shows that investors continue to be attracted to private markets to increase diversification and access specialised, alternative return streams. These characteristics can become especially valuable at times when the global outlook remains so unclear," Wunderlin added.