

**Morgan Lewis**

roundtable



## 2011 Annual Private Fund Investors Roundtable

**Focus on Regional  
Funds**

**Asia, India and Latin  
America**

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# Asian Markets

- Recent Market Trends
  - China: Shanghai Composite



# Asian Markets (cont.)

- Recent Market Trends
  - Hong Kong: Hang Seng



<http://finance.yahoo.com>

# Asian Markets (cont.)

- Recent Market Trends
  - India: Bombay Sensex



<http://finance.yahoo.com>

# Asian Markets (cont.)

- Recent Market Trends

  - Japan: Nikkei 225



<http://finance.yahoo.com>

# Asian Funds

- Private Equity
  - Traditional investors in Asian focused private equity funds are starting to invest again in Asian funds
  - We are seeing new fund launches
  - Existing funds have reached out to existing LPs for re-ups
  - Asian markets are picking up after starting 2011 on a downward trend

# Asian Funds (cont.)

- Hedge Funds

- Many individual and family office investors in Asian focused hedge funds pulled out in 2009 and early 2010 but institutional investors held on or have even made new investments
- There was an up-tick in launches of Asian hedge fund launches at beginning of 2010 but slowed down later in the year. 2011 has started well although not with the expected heavy volume.
- Continued popularity of managed accounts
- Continued recovery in major markets generating investor interest

# Asian Regulation

- No new significant Asian regulation of alternative investment funds currently proposed.
- Regulators waiting for outcome of regulation in Europe and the U.S.
- Indian courts recently upheld India-Mauritius tax treaty in connection with foreign investment in India by E\*Trade.

# Latin American Markets

- Recent Market Trends
  - Brazil: Bovespa



<http://finance.yahoo.com>

# Latin American Markets (cont.)

- Recent Market Trends
  - Chile: Santiago IND IPSA



# Latin American Markets (cont.)

- Recent Market Trends
  - Mexico: IPC



<http://finance.yahoo.com>

# Latin American Funds

- **Private Equity**

- Traditional investors in Latin American focused private equity funds returning to market. The Latin American Venture Capital Association indicates that \$8.1 billion of new capital was raised in 2010 for investment in Latin America.
- Some new fund launches primarily focused on Brazil but Argentina private equity fund launched as well.
- Brazilian markets have recovered since falling off at beginning of 2010 and renewed strength in other markets may generate renewed interest in Latin American private equity in other countries.

# Latin American Funds (cont.)

- Hedge Funds

- Fund focus still almost exclusively in Brazil although Brazilian public markets largely flat in 2010. Investors and managers starting to look for investments in other Latin American markets but limited opportunities due to smaller, less liquid markets.
- New fund launches still behind volumes in 2007-2009 time range.
- Resurgence in Brazilian, Chilean and other Latin American markets may generate renewal of interest in Latin American hedge funds.

# Latin American Regulation

- No significant Latin American regulatory initiatives regarding alternative investment funds currently proposed.
- Regulators waiting for outcome of regulation in Europe and the U.S.
- In Brazil and Chile institutional investors need to invest in offshore institutional funds through local conduits.
- New investment adviser regulation in Uruguay but unlikely to affect alternative investment funds.