

No Newbie Treatment for Newbury

Secondary-market shop **Newbury Partners** concluded capital-raising efforts for its debut fund last week with \$702 million, a handsome sum for a first-time manager.

The equity pool represents more than a year of marketing work, with **Citigroup** serving as Newbury's placement agent. A key element of the Stamford, Conn., firm's pitch apparently resonated with investors — that most of the operation's staffers had a strong track record working together, despite its rookie-manager status.

Newbury was founded in September 2006 by a group of professionals who previously made up the secondary-market team at **Auda Private Equity** of New York.

Heading things up is **Richard Lichter**, who also led the team at Auda, and before that worked at **Lexington Partners** and **Landmark Partners**.

About a year ago, Newbury held a first close for its fund with roughly \$500 million.

The firm began investing shortly afterwards, and has so far put more than 20% of its overall capital to work in 14 transactions, most of which took place after the credit crunch set in last summer.

The deals reflect an increasing number of investment opportunities that have popped up as limited partners in private equity vehicles seek to cash out of those positions by selling their stakes to secondary-market players. Prices have fallen as well. Newbury's deals typically range from \$1 million to \$100 million, and have come from the U.S., Europe and the Middle East.

As for Auda, the firm continued pursuing secondary-market purchases after Lichter's team left, and recently began efforts to rebuild the group.

New recruit **Tim Brody**, formerly of **AlpInvest Partners** of Amsterdam, is spearheading the effort.

Auda Private Equity, a unit of Auda Advisors, manages \$410 million through its secondary-market division. ❖

Altius Campaign Comes Up Short

Investment advisor **Altius Associates** is about to hold a final close for its first fund of funds, with only half the capital it originally hoped to raise.

The London firm plans to wrap up marketing efforts for its Altius Associates Fund of Funds next week with \$100 million, which it intends to invest in buyout and venture capital vehicles in the U.S. and Europe.

When Altius first set out to raise \$200 million for the vehicle in July 2006, it viewed the equity target as a modest figure that would ease any worries its clients might have about the firm running into conflicts of interest between its investment and advisory businesses.

Indeed, Altius' plans came about at a time when the types of pension systems and other institutional investors that make up its clientele were already grumbling about how advisors were

increasingly shunning their traditional lines of business in favor of more lucrative management work. Mindful of those matters, the outfit met with customers and assured them its fund-of-funds initiative wouldn't infringe on its core advisory focus — promising to give them priority in selecting private equity fund investments.

Concerns lingered, however, and ultimately weighed down Altius' capital-raising efforts.

The firm could face some deeper issues too, as rumors of internal friction have been flying ever since it hired former **Pacific Corporate Group** partner **Michael Russell** to head its European operations in January 2007. "It's common knowledge that not everyone at Altius agreed with this particular hire," one investor said.

Altius' advisory business, meanwhile, has been thriving. Last May, the firm began helping the \$24 billion **Texas Employees** build a private equity program that calls for it to put roughly \$700 million to work each year. Weeks before, it secured a coveted contract to advise the A\$17 billion (\$15.5 billion) **Australian Reward Investment Alliance** on its foreign private equity fund portfolio.

All told, Altius advises about a dozen clients on their private equity fund investments, mostly on a discretionary basis. They include **California State Teachers**, **Maryland State Retirement** and **Texas Teachers**. ❖

Piper Brings Back 'Menu' Offering

Piper Jaffray Private Equity is about to begin marketing its fourth fund of funds.

The unit of Minneapolis investment bank Piper Jaffray is expected to raise \$300 million for the vehicle, which follows a \$200 million entity that held its final close during the July-September stretch of 2007.

As with that offering, the new fund will allow limited partners to choose how their contributions are distributed among specific types of investments — in this case, pools of commitments to venture capital, buyout and clean-technology funds, along with co-investments in clean-technology companies.

Piper Jaffray will likely split the overall portfolio roughly evenly among those categories, steering investments to about 10 managers in each sector. Its previous fund of funds, while employing a similar "menu" approach, lacked a component for clean-technology co-investments.

Piper Jaffray Private Equity, headed by managing partner **Scott Barrington**, is one of the few players in its market to have assembled a clean-technology fund of funds — vehicles whose underlying managers invest in alternative-energy businesses. That reflects an environment in which broader interest in the sector has been strong, but investors have been hesitant to devote large chunks of capital to such plays because they remain too new to have produced meaningful results.

Much of the money that Piper Jaffray runs through its private equity vehicles comes from union benefit plans, known as Taft-Hartley funds. ❖