

Content Includes:

# Preqin Special Report: Alternative Assets in California

September 2016

## Active Firms

Number of active private capital and hedge fund managers based in California has grown considerably since the turn of the millennium.

## Assets under Management

Closed-end private capital fund managers have over half a trillion dollars in AUM, while hedge fund managers control over \$260bn.

## Institutional Investors

Over three-quarters of investors based in California invest in at least one alternative asset class.

## In Focus

Plus, detailed breakdowns of the Californian market across venture capital, private equity, hedge funds and real estate.



Venture Capital

Private Equity

Hedge Funds

Real Estate



# Foreword

While most noted for its venture capital sector, the Californian alternatives industry is a growing and diverse marketplace. The number of active\* private capital fund managers based in the region has more than trebled since the turn of the millennium, with 949 active fund managers currently managing or raising vehicles. Furthermore, hedge fund managers are continuing to set up shop in California: 233 new hedge fund managers have been incepted since 2010, contributing to the launch of more than 750 new hedge funds.

It is not just the number of firms that have increased; the assets under management of the private capital industry have grown from \$177bn in 2000 to just over half a trillion dollars by the end of 2015, and when compounded with the \$268bn in total assets of Californian hedge fund managers, the state is one of the most prominent alternatives market in the US.

Preqin is the alternative assets industry’s leading source of data and intelligence. Our products and services are utilized by more than 40,000 professionals located in over 90 countries for a range of activities including investor relations, fundraising and marketing, and market research. We hope you find this report useful, and welcome any feedback you may have. For more information, please visit [www.preqin.com](http://www.preqin.com) or contact [info@peqin.com](mailto:info@peqin.com).

*\*Defined as private equity, venture capital and real estate firms that have raised a closed-end fund in the last decade*

# Key Facts



**\$732bn**

Combined assets under management of Californian hedge fund and closed-end private capital managers.



**79%**

Proportion of California-based institutional investors investing in at least one alternative asset class.



**949**

Number of active California-based closed-end fund managers.



**62%**

Proportion of California-based institutional investors investing in hedge funds, above the 59% targeting private equity & venture capital and the 52% investing in real estate.

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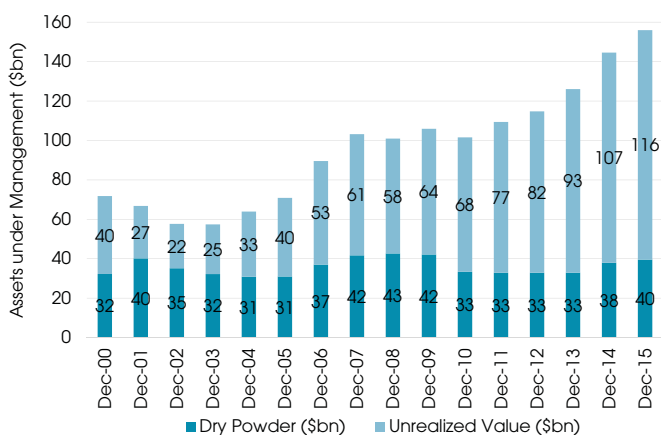
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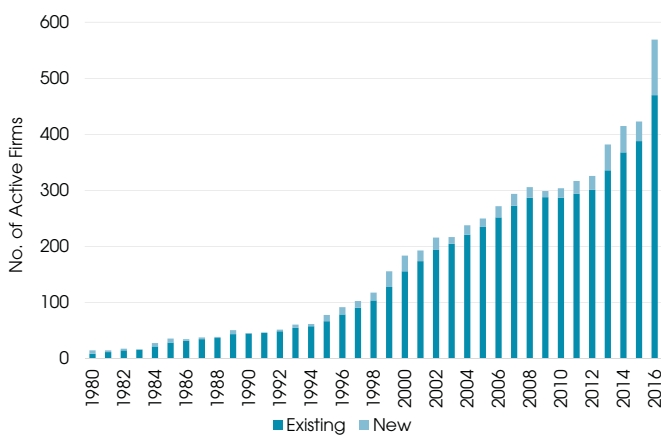
# Venture Capital

**Fig. 1:** California-Based Venture Capital Assets under Management, December 2000 - December 2015



Source: Preqin Venture Capital Online

**Fig. 2:** Number of Active California-Based Venture Capital Firms over Time (By Vintage of First Fund Raised)



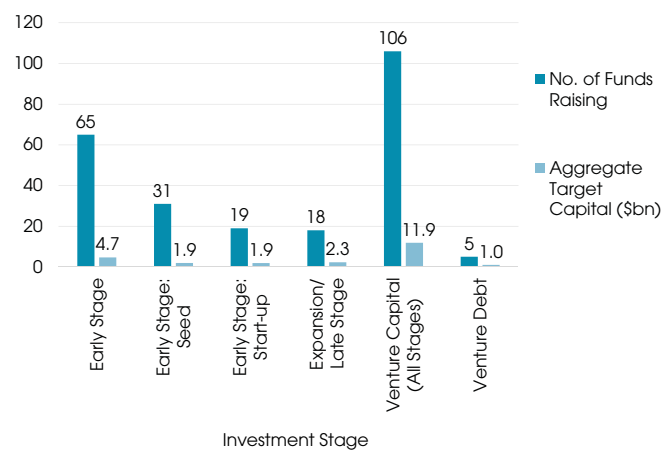
Source: Preqin Venture Capital Online

**Fig. 3:** California-Based Venture Capital Firms by Location



Source: Preqin Venture Capital Online

**Fig. 4:** California-Based Venture Capital Funds in Market by Investment Stage (As at XX August 2016)



Source: Preqin Venture Capital Online

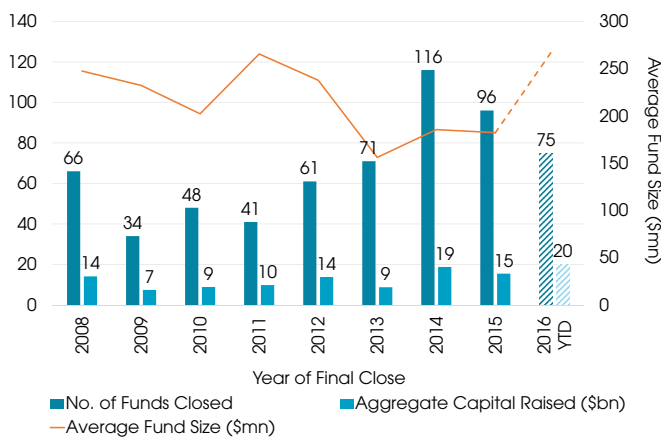
**Fig. 5:** Consistent Performing California-Based Venture Capital Managers

Firm	Overall No. of Funds with Quartile Ranking	No. of Funds in Top Quartile	No. of Funds in Second Quartile	Average Quartile Rank
Benchmark Capital	3	3	0	1.00
Charles River Ventures	4	4	0	1.00
Avalon Ventures	6	5	1	1.17
Sequoia Capital	5	4	1	1.20
BlueRun Ventures	3	2	1	1.33
Canaan Partners	3	2	1	1.33
GGV Capital	4	2	2	1.50
Kleiner Perkins Caufield & Byers	6	3	3	1.50
Storm Ventures	4	2	2	1.50

Source: Preqin Venture Capital Online

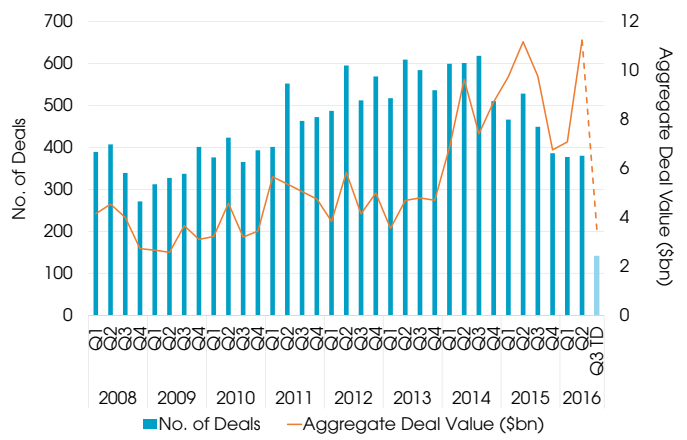


**Fig. 6:** Annual California-Based Venture Capital Fundraising, 2008 - 2016 YTD (As at 12 August 2016)



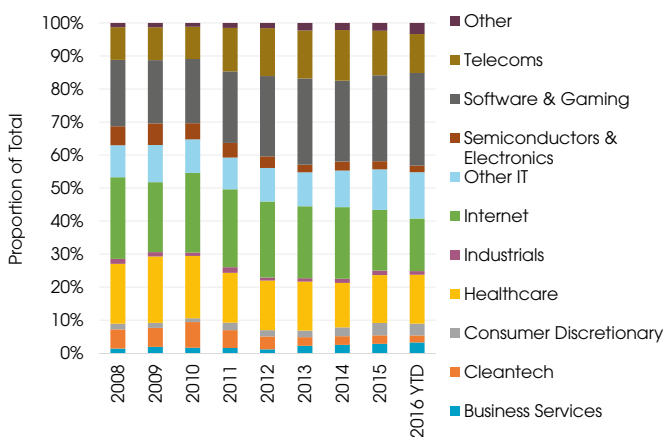
Source: Preqin Venture Capital Online

**Fig. 7:** Number and Aggregate Value of Californian Venture Capital Deals\*, Q1 2008 - Q3 2016 TD (As at 15 August 2016)



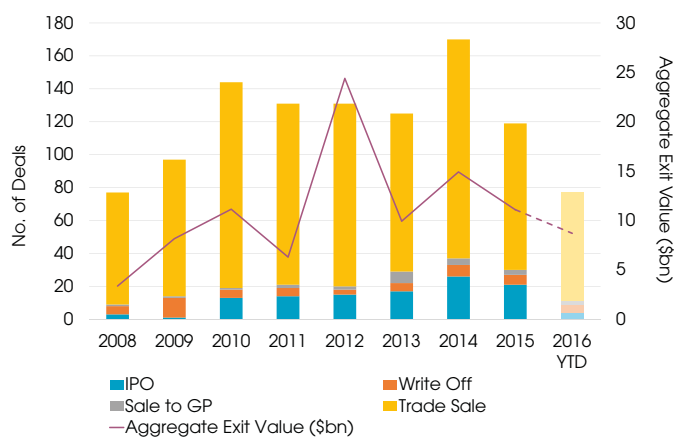
Source: Preqin Venture Capital Online

**Fig. 8:** Number of Californian Venture Capital Deals\* by Industry, 2008 - 2016 YTD (As at 15 August 2016)



Source: Preqin Venture Capital Online

**Fig. 9:** Californian Venture Capital Exits: Aggregate Value and Breakdown of Number by Type, 2008 - 2016 YTD (As at 15 August 2016)



Source: Preqin Venture Capital Online

**Fig. 10:** Five Largest Californian Venture Capital Deals\* in 2016 YTD (As at 15 August 2016)

Portfolio Company	Date	Stage	Deal Size (mn)	Investor(s)	Industry
Uber Technologies, Inc.	Jun-16	Series G/Round 7	3,500 USD	Public Investment Fund, SBT Venture Capital	Telecoms
Snapchat, Inc.	May-16	Series F/Round 6	1,087 USD	Coatue Management, Fidelity Investments, General Atlantic, Glade Brook Capital Partners, Institutional Venture Partners, Lone Pine Capital, Sequoia Capital, T Rowe Price	Telecoms
Uber Technologies, Inc.	Aug-16	Unspecified Round	1,000 USD	Didi Chuxing	Telecoms
Lyft, Inc.	Jan-16	Series F/Round 6	752 USD	Alibaba Group, Didi Chuxing, General Motors, Janus Capital Group, Rakuten, Inc.	Telecoms
RocketSpace Inc.	Aug-16	Unspecified Round	336 USD	HNA Group	Business Services

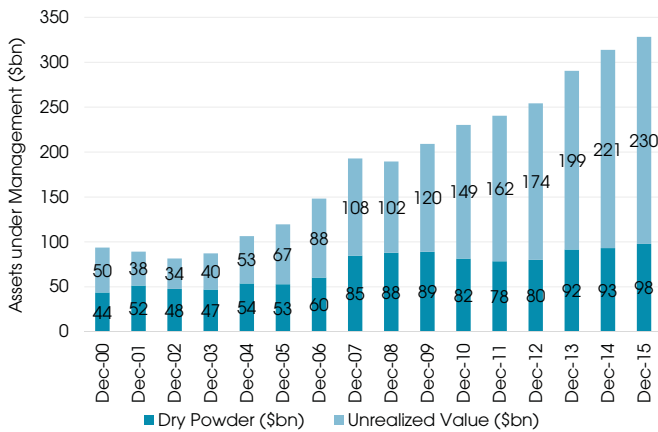
\*Figures exclude add-ons, grants, mergers, secondary stock purchases and venture debt.

Source: Preqin Venture Capital Online



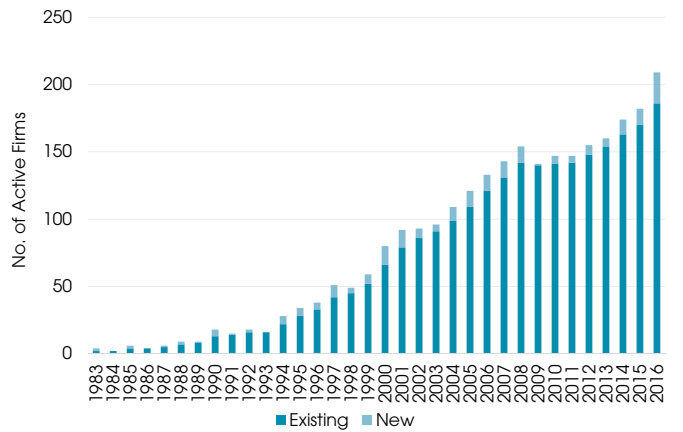
# Private Equity

**Fig. 11:** California-Based Private Equity Assets under Management, December 2000 - December 2015



Source: Preqin Private Equity Online

**Fig. 12:** Number of Active California-Based Private Equity Firms over Time (By Vintage of First Fund Raised)



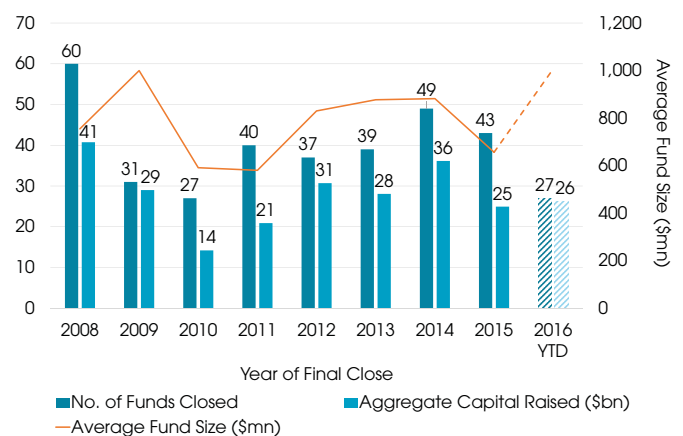
Source: Preqin Private Equity Online

**Fig. 13:** California-Based Private Equity Firms by Location



Source: Preqin Private Equity Online

**Fig. 14:** Annual California-Based Private Equity Fundraising, 2008 - 2016 YTD (As at 12 August 2016)



Source: Preqin Private Equity Online

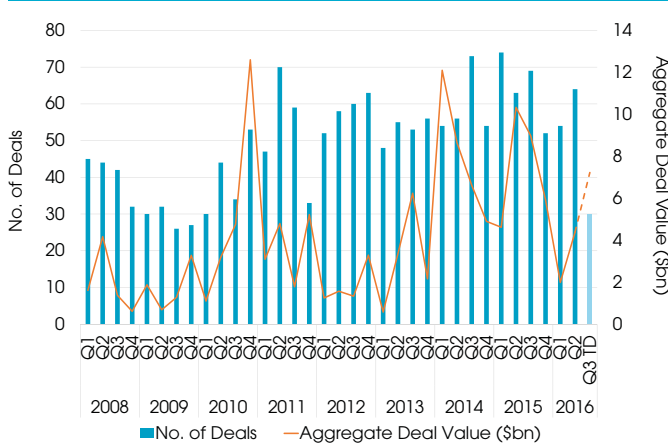
**Fig. 15:** Consistent Performing Buyout and Fund of Funds Managers

Firm	Fund Type	Overall No. of Funds with Quartile Ranking	No. of Funds in Top Quartile	No. of Funds in Second Quartile	Average Rank
Industry Ventures	Fund of Funds	5	5	0	1.00
Weathergage Capital	Fund of Funds	4	4	0	1.00
Industrial Growth Partners	Buyout	3	2	1	1.33
Platinum Equity	Buyout	3	2	1	1.33
Vista Equity Partners	Buyout	5	4	0	1.40
Seidler Equity Partners	Buyout	4	3	0	1.50

Source: Preqin Private Equity Online

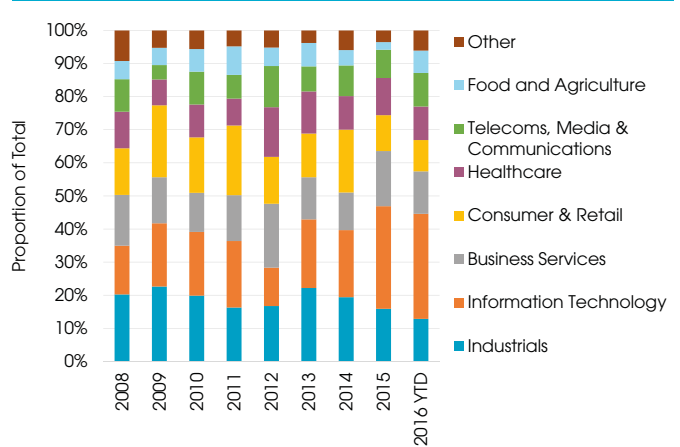


**Fig. 16:** Number and Aggregate Value of Californian Private Equity-Backed Buyout Deals, Q1 2008 - Q3 2016 (As at 15 August 2016)



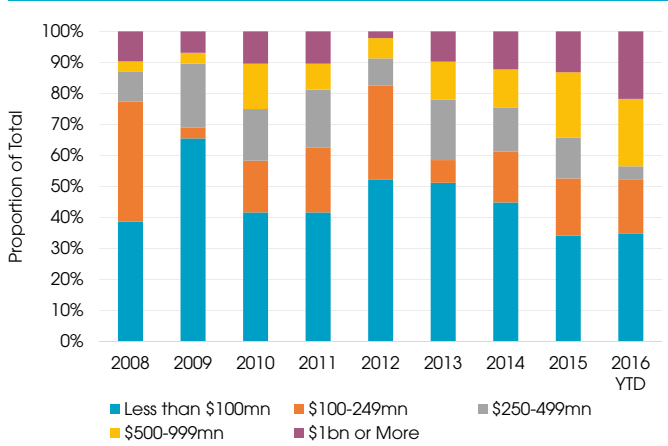
Source: Preqin Private Equity Online

**Fig. 17:** Number of Californian Private Equity-Backed Buyout Deals by Industry, 2008 - 2016 YTD (As at 15 August 2016)



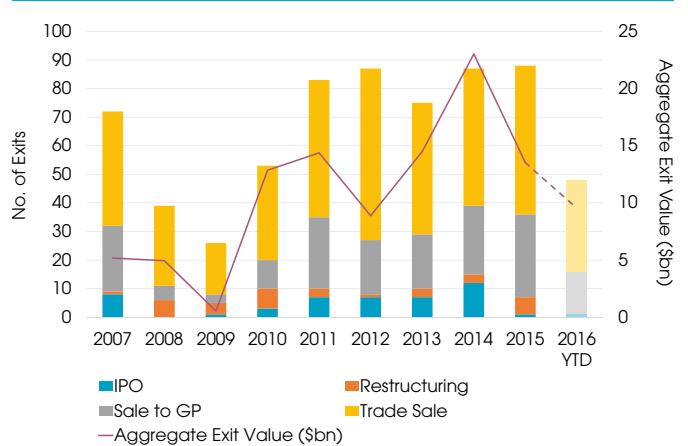
Source: Preqin Private Equity Online

**Fig. 18:** Number of Californian Private Equity-Backed Buyout Deals by Value Band, 2008 - 2016 YTD (As at 15 August 2016)



Source: Preqin Private Equity Online

**Fig. 19:** Californian Private Equity-Backed Buyout Exits: Aggregate Value and Breakdown of Number by Type, 2008 - 2016 YTD (As at 15 August 2016)



Source: Preqin Private Equity Online

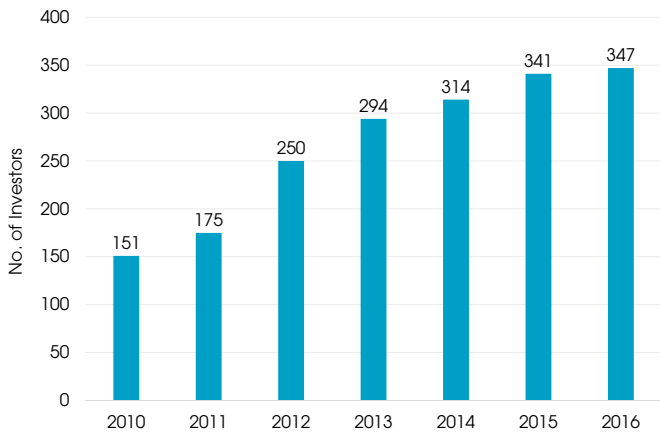
**Fig. 20:** Five Largest Californian Private Equity-Backed Buyout Deals in 2016 YTD (As at 15 August 2016)

Portfolio Company	Investment Type	Deal Date	Deal Size (mn)	Deal Status	Investor(s)	Bought from/ Exiting Company	Primary Industry
Epicor Software	Buyout	Jul-16	3,300 USD	Announced	KKR	Apax Partners	Software
Polycom, Inc.	Public To Private	Jul-16	2,000 USD	Announced	Siris Capital	-	Communications
Marketo	Public To Private	May-16	1,790 USD	Announced	Vista Equity Partners	-	Software
J.D. Power and Associates	Buyout	Apr-16	1,100 USD	Announced	XIO Group	McGraw Hill Financial	Marketing
VXI Global Solutions	Buyout	Aug-16	1,000 USD	Announced	Carlyle Group	Bain Capital	Outsourcing

Source: Preqin Private Equity Online

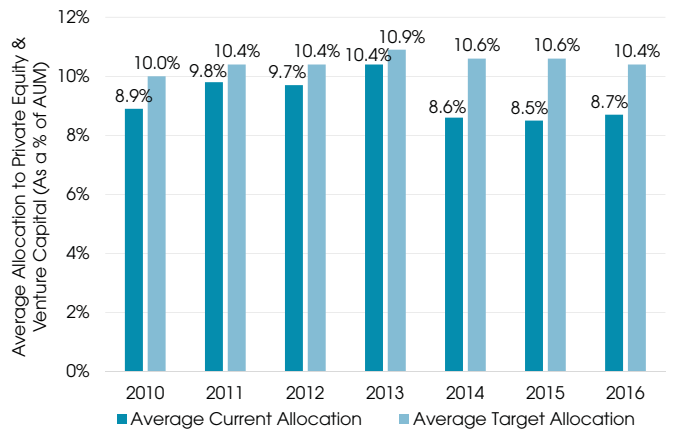
# Private Equity & Venture Capital Investors

**Fig. 21:** California-Based Private Equity & Venture Capital Investors over Time, 2010 - 2016



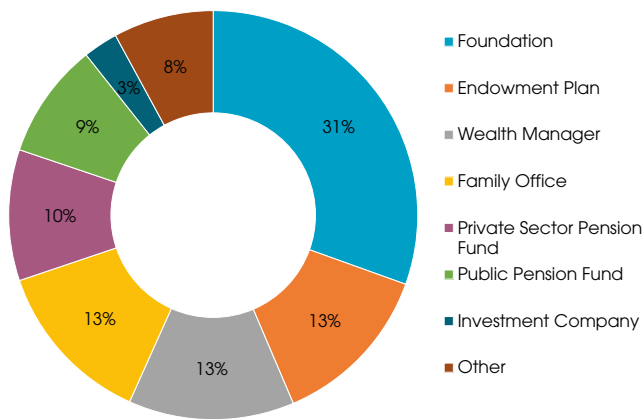
Source: Preqin Private Equity Online

**Fig. 22:** California-Based Investors' Current and Target Allocations to Private Equity & Venture Capital, 2010 - 2016



Source: Preqin Private Equity Online

**Fig. 23:** California-Based Private Equity & Venture Capital Investors by Type



Source: Preqin Private Equity Online

**Fig. 24:** California-Based Private Equity & Venture Capital Investors by Location



Source: Preqin Private Equity Online

**Fig. 25:** Five Largest California-Based Investors in Private Equity & Venture Capital by Current Allocation

Investor	Allocation to Private Equity & Venture Capital (\$bn)	Type	Headquarters
California Public Employees' Retirement System (CalPERS)	26.1	Public Pension Fund	Sacramento
California State Teachers' Retirement System (CalSTRS)	16.8	Public Pension Fund	Sacramento
Stanford Management Company	5.2	Endowment Plan	Stanford
Wells Fargo Bank	4.9	Bank	San Francisco
CTC myCFO	4.8	Family Office	Palo Alto

Source: Preqin Private Equity Online



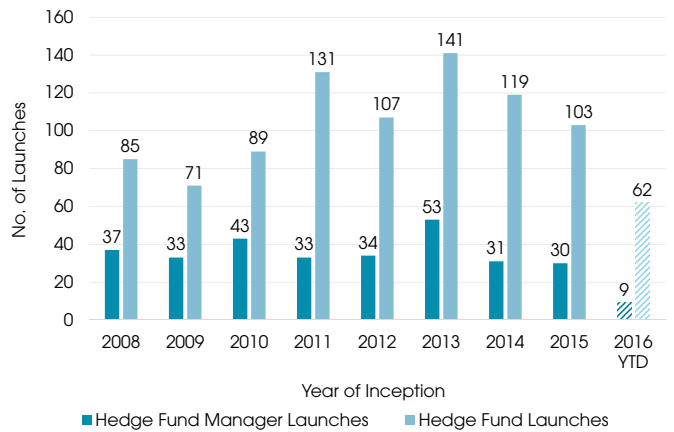
# Hedge Funds

**Fig. 26:** Top US States by Hedge Fund Assets under Management (As at June 2016)

State	Assets under Management (\$bn)
New York	1561
Connecticut	526
California	268
Massachusetts	219
Illinois	106
Texas	81
New Jersey	68
Florida	66
Minnesota	37
Georgia	32

Source: Preqin Hedge Fund Analyst

**Fig. 27:** Number of California-Based Hedge Fund Manager and Hedge Fund Launches by Year of Inception, 2008 - 2016 YTD (As at 10 August 2016)



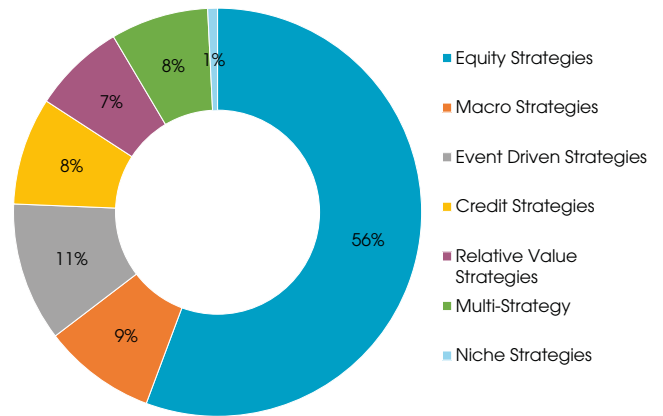
Source: Preqin Hedge Fund Analyst

**Fig. 28:** California-Based Hedge Fund Managers by Location



Source: Preqin Hedge Fund Analyst

**Fig. 29:** Active California-Based Hedge Funds by Top-Level Strategy



Source: Preqin Hedge Fund Analyst

**Fig. 30:** Five Largest California-Based Hedge Fund Managers by Assets under Management

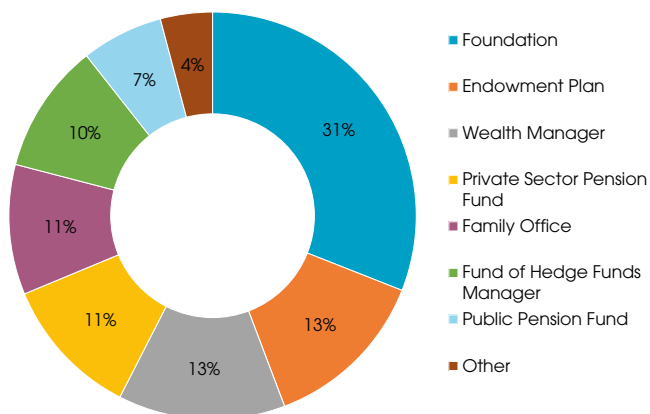
Firm	Year Established	Firm City	Assets under Management
Canyon Partners	1990	Los Angeles	\$19.00bn as at 31 December 2015
Farallon Capital Management	1986	San Francisco	\$18.93bn as at 30 June 2015
Symphony Asset Management	1994	San Francisco	\$17.48bn as at 30 June 2016
ValueAct Capital	2000	San Francisco	\$17.40bn as at 29 February 2016
PIMCO	1971	Newport Beach	\$16.25bn as at 31 March 2016

Source: Preqin Hedge Fund Analyst





**Fig. 31:** California-Based Hedge Fund Investors by Type



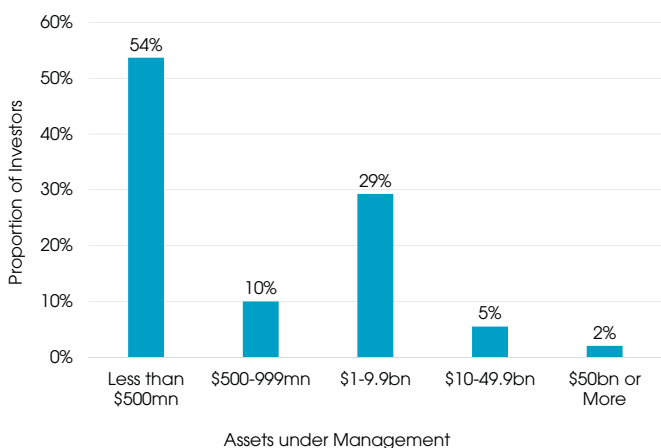
Source: Preqin Hedge Fund Analyst

**Fig. 32:** California-Based Hedge Fund Investors by Location



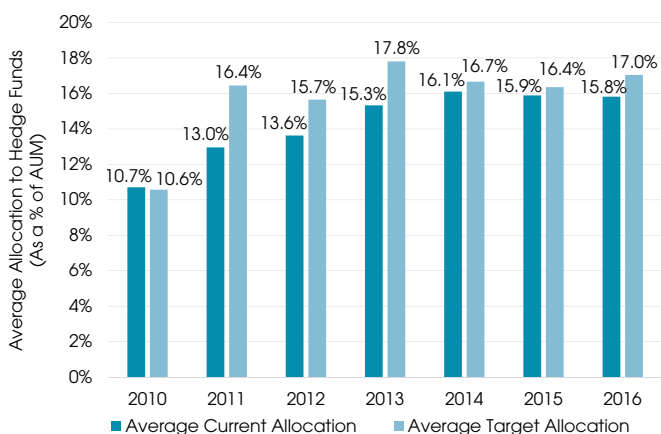
Source: Preqin Hedge Fund Analyst

**Fig. 33:** California-Based Hedge Fund Investors by Assets under Management



Source: Preqin Hedge Fund Analyst

**Fig. 34:** California-Based Investors' Current and Target Allocations to Hedge Funds, 2010 - 2016



Source: Preqin Hedge Fund Analyst

**Fig. 35:** Five Largest California-Based Hedge Fund Investors by Current Allocation

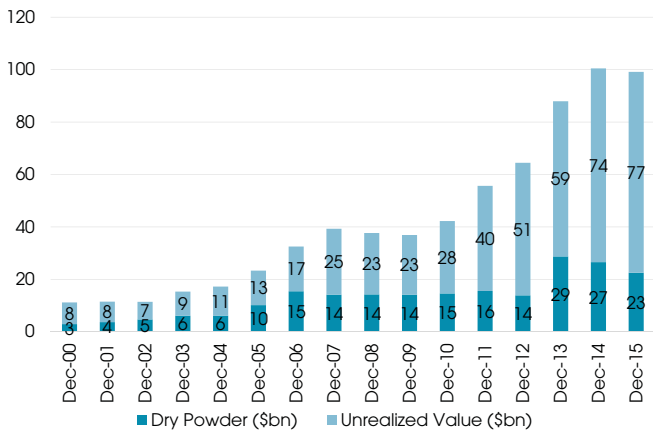
Investor	Allocation to Hedge Funds (\$bn)	Type	Headquarters
Regents of the University of California	10.6	Public Pension Fund	Oakland
CTC myCFO	4.8	Multi Family Office	Palo Alto
Stanford Management Company	4.2	Endowment Plan	Stanford
California State Teachers' Retirement System (CalSTRS)	3.2	Public Pension Fund	Sacramento
Intel Corporation Pension Plans	2.7	Private Sector Pension Fund	Santa Clara

Source: Preqin Hedge Fund Analyst



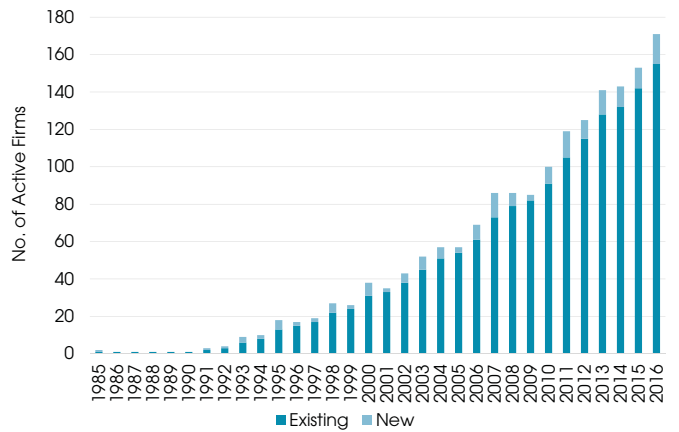
# Real Estate

**Fig. 36:** California-Based Closed-End Private Real Estate Assets under Management, December 2000 - December 2015



Source: Preqin Real Estate Online

**Fig. 37:** Number of Active California-Based Closed-End Private Real Estate Firms over Time (By Vintage of First Fund Raised)



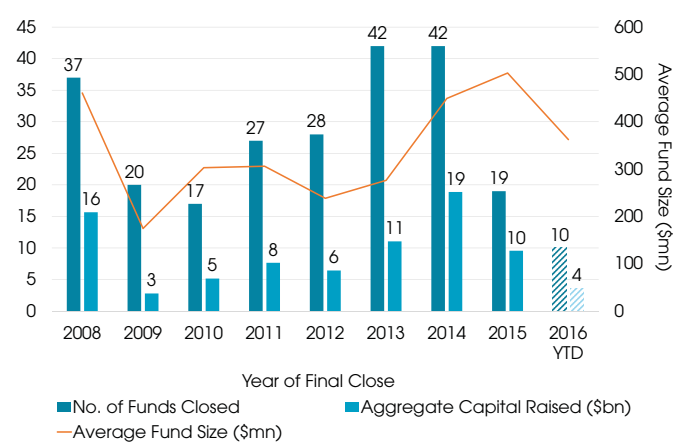
Source: Preqin Real Estate Online

**Fig. 38:** California-Based Real Estate Firms by Location



Source: Preqin Real Estate Online

**Fig. 39:** Annual California-Based Closed-End Private Real Estate Fundraising, 2008 - 2016 YTD (As at 10 August 2016)



Source: Preqin Real Estate Online

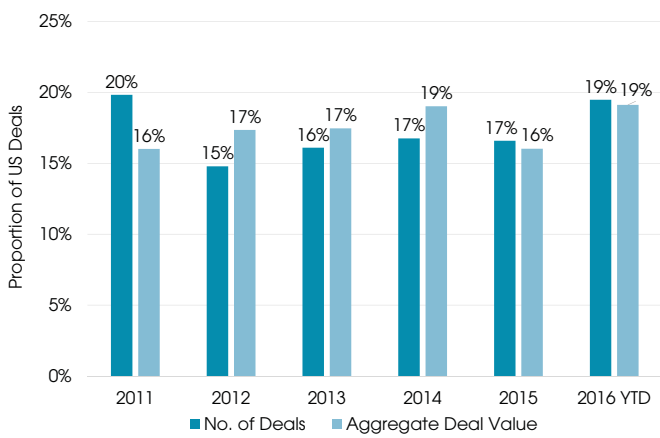
**Fig. 40:** Consistent Performing California-Based Closed-End Private Real Estate Fund Managers

Firm	No. of Funds in Top Quartile	No. of Funds in Second Quartile	Overall No. of Funds with Quartile Ranking	Average Rank
Carmel Partners	4	0	4	1.00
FPA Multifamily	4	0	4	1.00
Embarcadero Capital Partners	3	1	4	1.25
DivcoWest	2	1	3	1.33
Redwood-Kairos Real Estate Partners	2	1	3	1.33
HG Capital	6	0	8	1.63
Virtú Investments	1	2	3	1.67
Buchanan Street Partners	2	0	4	2.00
Industry Capital	1	1	3	2.00

Source: Preqin Real Estate Online

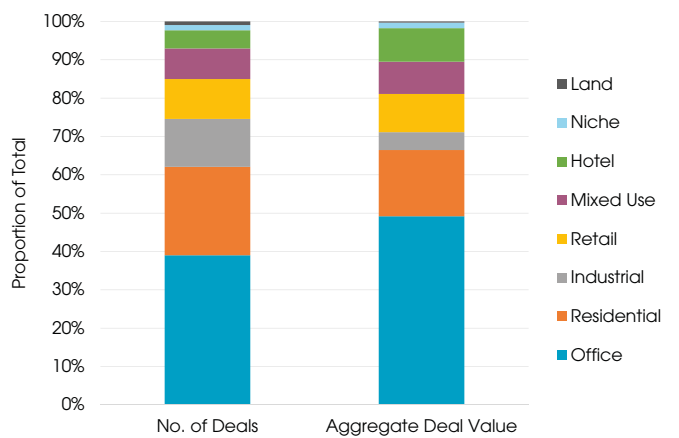


**Fig. 41:** Californian Private Equity Real Estate Deals as a Proportion of US Private Equity Real Estate Deals, 2011 - 2016 YTD (As at 10 August 2016)



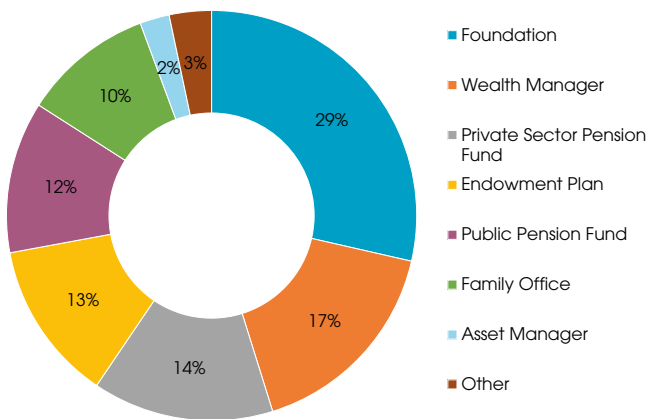
Source: Preqin Real Estate Online

**Fig. 42:** Californian Private Equity Real Estate Deals by Primary Asset Type, 2011 - 2016 YTD (As at 10 August 2016)



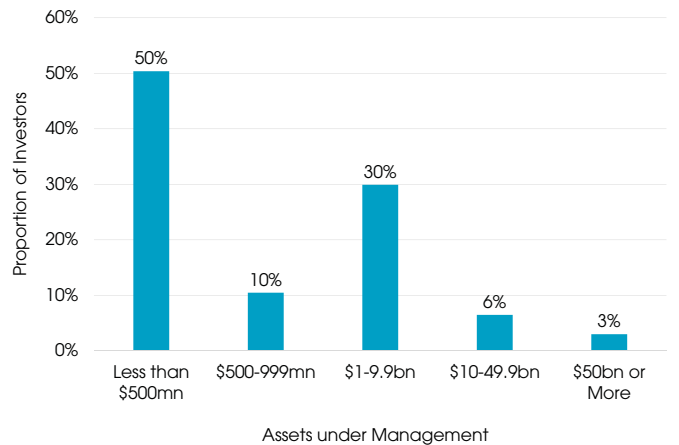
Source: Preqin Real Estate Online

**Fig. 43:** California-Based Institutional Real Estate Investors by Type



Source: Preqin Real Estate Online

**Fig. 44:** California-Based Real Estate Investors by Assets under Management



Source: Preqin Real Estate Online

**Fig. 45:** Five Largest California-Based Investors in Real Estate by Current Allocation

Investor	Allocation to Real Estate (\$bn)	Type	Location
California Public Employees' Retirement System (CalPERS)	27.3	Public Pension Fund	Sacramento
California State Teachers' Retirement System (CalSTRS)	26.0	Public Pension Fund	Sacramento
Pacific Life Insurance Company	10.7	Insurance Company	Newport Beach
Los Angeles County Employees' Retirement Association	5.5	Public Pension Fund	Pasadena
Stanford Management Company	4.9	Endowment Plan	Stanford

Source: Preqin Real Estate Online

# Preqin Special Report: California Alternatives

September 2016

## Preqin: Global Data and Intelligence

With global coverage and detailed information on all aspects of alternative assets, Preqin's industry-leading online services keep you up-to-date on all the latest developments in the alternative assets industry.

### Source new investors for funds and co-investments

Find the most relevant investors, with access to detailed profiles for over xxxxx institutional investors actively investing in alternatives, including current fund searches and mandates, direct contact information and sample investments.

### Identify potential fund investment opportunities

View in-depth profiles for over xxx private capital funds currently in market and over xxxxx hedge funds open to new investment, including information on investment strategy, geographic focus, key fund data, service providers used and sample investors.

### Find active fund managers in alternatives

Search for firms active in alternative investments. View information on key contacts, firm fundraising/AUM and performance history, key investment preferences, known investors and more.

### See the latest on deals and exits

View details of more than xxxxxx buyout, venture capital, real estate and infrastructure deals, including deal value, buyers, sellers, debt financing providers, financial and legal advisors, exit details and more. Identify forthcoming exits and expected IPOs.

### Benchmark performance

Identify which fund managers have the best track records, with customizable fund performance benchmarks and performance details for over xxxxx individual named private equity, real estate, infrastructure, private debt, natural resources and hedge funds.

### Examine fund terms

See the typical terms offered by funds of particular types, strategies and geographical foci, and assess the implications of making changes to different fees.

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Search for active administrators, custodians, prime brokers, placement agents, auditors and law firms by type and location of funds and managers serviced.

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