

## CASE STUDY:

# Why do I need another partner to access private equity?

### Client

\$175 billion Asian national pension plan

### Challenge

Complement the client's existing providers with a solution that accesses high-quality managers in North America and Western Europe; complies with strict investment restrictions; and enhances the pension plan's investment skills and market knowledge with training programs.

### Solution

A fund-of-one vehicle was created to provide a customized private equity program consisting of primary, secondary and direct co-investments within the desired geographic regions. The program leveraged HarbourVest's experience, expertise, and relationships to deliver investment, partnership, and knowledge value. Further, the structure optimized an approach for complete program management.

### Commitment

\$500 million over 3 years

### Strategy

Primary partnerships, secondary transactions, and direct co-investments

### Geography

North America and Western Europe

### Success Indicators

Established a strong strategic partnership that was the basis of building a customized portfolio that met the client's specific investment needs. Simultaneously managed risk and strengthened the client's investment capabilities.

### BACKGROUND

In 2013, an established Asian national pension fund sought to identify a strategic partner for help in accessing managers in North America and developed Europe. With significant assets under management, the pension fund was already using three service providers.

The investor's goal was to build a broadly diversified portfolio of private equity investments in these two regions, which could generate low volatility and meaningful outperformance. Consequently, the ability to expeditiously access quality primary, secondary, and direct co-investment opportunities was a key requirement for selecting a partner.

The pension fund also wanted to raise the level of its investment skill and market knowledge to be more engaged. Finally, it was a requirement for the new partner to have sufficient back-office resources, and experience complying with strict investment restrictions and detailed reporting requirements as specified by the national government.

### SOLUTION

HarbourVest took a proactive approach in building a strong partnership with the pension fund prior to and during the execution of the mandate. This provided the foundation to craft a diversified private markets portfolio that met the client's unique risk-return and investment restriction requirements. Additionally, long-term strategic and annual tactical plans were developed to guide investment allocation and pacing.

Operationally, HarbourVest's global private markets platform – which is focused on primary, secondary and direct co-investment opportunities – was integral in connecting the client with high-quality managers in the desired geographies. Both the platform and the firm's 30-plus years of global investing experience was tapped to drive knowledge transfer, including hands-on training and investment education. Finally, in providing a comprehensive back-office infrastructure, HarbourVest strived to ensure that the partnership benefited from clear communication, risk controls, and transparency.

There are a number of indicators that reflect the custom account's success. Since initiated, the partnership has provided the client with exposure to those regions that were under-represented, through a flexible vehicle positioned for early liquidity, future value appreciation, and downside risk mitigation. Additionally, HarbourVest introduced the client to top managers based not only in North America and Europe, but also in Latin America and Asia Pacific by leveraging its relationships with over 600 general partners globally.

Becoming a trusted partner was central to the solution's success. This was demonstrated by the interactive collaboration, the client's confidence in inviting HarbourVest to co-sponsor a private equity conference, and joint participation in team-building exercises such as charity bike rides.

## VALUE-ADDED SERVICES

**Knowledge transfer and staff training:** HarbourVest hosted the client's investment team for hands-on investment training and knowledge-sharing seminars that were customized to meet its needs. These interactive sessions helped enhance the client's investment skill capacity, increased its market knowledge, and created a more productive partnership.

**Customized communication and reporting plan:** HarbourVest's extensive back-office infrastructure addressed the client's detailed and comprehensive reporting requirements for monthly, quarterly, and annual communications. In addition, our auditors worked closely with the client to provide audited accounts several months ahead of the traditional reporting cycle.

**Meeting strict investment requirements:** Following national laws, the portfolio constructed for the client required the use of side letters, as it could not include investments from certain restricted industries. Similarly, restrictions on fund-level borrowing required HarbourVest's finance and accounting teams to work closely with the client to structure minimum working capital funding. HarbourVest's extensive in-house support and global compliance teams seamlessly executed on these special guidelines.

## CUSTOMIZED SOLUTIONS

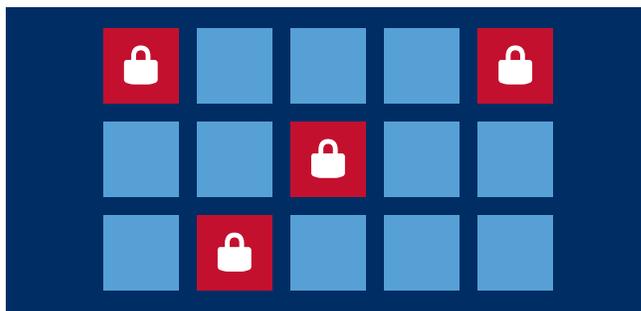
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To learn more about Custom Solutions, please visit us online at <https://www.harbourvest.com/expertise/custom-investment-solutions>.

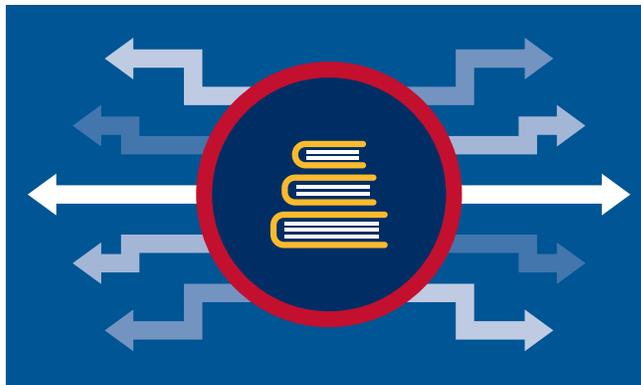
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## INVESTMENT RESTRICTION MONITORING



## KNOWLEDGE TRANSFER



## INCREASED PORTFOLIO EXPOSURE

