

Leopard Capital stalks South Asia

By Joseph Marsh | 20 January 2010

The Cayman Islands-based investment company has finished fundraising for its Cambodia fund and launched two Sri Lanka funds.

High-risk assets look to be back in fashion. Look at fund start-up Leopard Capital's scheduled launches and *AsianInvestor's* story yesterday on [ING's planned Mena frontier-markets fund](#).

Having completed the fundraising for Cambodia's first multi-sector investment fund and started taking money for two Sri Lanka funds, Leopard Capital has taken a firm grip on frontier markets in South Asia.

The Cayman Islands-based firm closed the Leopard Cambodia Fund, its debut product, to new money after receiving \$34.1 million from over 100 investors. Elsewhere in the region, the Leopard Sri Lanka Fund and the Leopard Sri Lanka Value Fund are scheduled to launch on April 1 and February 1, respectively.

Asked about expected performance and volatility, Douglas Clayton, chief executive of Leopard Capital, says: "Most of our funds are private equity limited partnerships, not hedge funds, so we don't really have volatility considerations or annual performance targets. However, ultimately we seek to deliver an IRR [internal rate of return] of 30% in our investments in all frontier markets we enter."

The Cambodia fund initially closed on April 2 and has since made five investment commitments in Cambodia, representing more than 40% of its capital. The portfolio includes investments in rice production (Cambodia Plantations), mobile telecommunications (CamGSM), beer brewing (Kingdom Breweries), power transmission (Greenside Holdings) and residential property development (Angkor Residences).

The fund is also in advanced negotiations on several other investment proposals and expects the fund to be fully invested this year.

"It was challenging to raise a first-time fund like this during a global financial crisis, but we think the timing will turn out to be very fortunate," says Clayton, who is based in Phnom Penh. "The volume and quality of investment proposals we're getting has exceeded our expectations, and we're pleased with the diversified portfolio we're building. We hope that the performance of Leopard Cambodia Fund will help change global perceptions about investing in Cambodia."

Meanwhile, Leopard Capital plans to start fundraising this quarter for the Leopard Sri Lanka Fund (for private equity) and Leopard Sri Lanka Value Fund (for public equity). Both will be managed by Leopard

Capital Sri Lanka, whose managing partners are Douglas Clayton, Nirosh De Silva, Thomas Hugger, Ramanan Govindasamy and Kenneth Stevens.

The Leopard Sri Lanka Fund has a fundraising target of \$100 million and a 10-year lifespan. It will invest in unlisted companies in Sri Lanka, typically taking minority positions. The fund aims to help fund the post-war development of Sri Lanka's economy by investing in sectors such as tourism, consumer goods, seafood processing, agriculture and manufacturing. It is advised by a council headed by Marc Faber, publisher of the *Gloom Boom & Doom Report*.

The Leopard Sri Lanka Value Fund is an open-ended fund with an initial fundraising target of \$30 million. It will invest in a diversified portfolio of companies listed on the Colombo Stock Exchange that the manager considers underpriced by fundamental measures, including under-researched smaller companies.

Clayton founded Leopard Capital in 2007 to invest in Asian frontier markets. It is a partnership of financial professionals with substantial investment experience in Asian emerging markets. The firm has affiliated offices in Hong Kong, Phnom Penh and Colombo.