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Advent Raises One of the Biggest Buyout Funds at \$25 Billion

by [Jan-Henrik Foerster](#)
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Advent International has raised \$25 billion for the second biggest private equity fund on record.

The buyout firm, which is majority-owned by its partners, took less than six months to raise the commitments, according to a statement Monday. The pool underscores how investor demand for large-cap buyout funds remains strong despite a darkening economic backdrop.

The fund -- Advent International GPE XLP -- drew commitments from pension funds, sovereign wealth funds, endowments and high net worth individuals. The vehicle reached its hard cap, or the maximum amount Advent wanted to raise, and boosts the firm's assets under management to more than \$100 billion.

Fundraising cycles have shortened in recent years as investors sought asset classes to deliver higher returns in an era of low interest rates. This prompted the world's biggest private equity firms to launch ever-bigger funds to stock their dealmaking war chests.

"We've been around since 1984 and in reality we're not planning to do anything different with this fund than we've done before," James Brocklebank, a managing

partner at Advent, said in an interview. "The key elements of our strategy relate to very deep sector knowledge."

Advent's teams want to target deals in sectors including financial services, health care, industrial, retail, consumer and leisure and technology. The pool will be the second-largest fund ever, behind a \$26 billion vehicle Blackstone Inc. raised in 2019, according to data compiled by Bloomberg.

Carveouts

Private equity firms continue to be busy buyers even as broader dealmaking activity slows globally. They've been involved in acquisitions totaling \$477 billion this year, Bloomberg data show, up more than 17% on the same point in 2021. Brocklebank said he's seeing an increasing number of corporate carveouts and take-private deals.

"We spend a little more time on lower probability situations -- that's an advantage," said David Mussafer, a managing partner at Advent. "Maybe there's only a 10% chance that there is a transaction that we can execute but if it comes about it's a tremendous opportunity."

Advent's new fund is roughly 40% larger than its \$17.5 billion predecessor vehicle, which was raised in 2019. Bloomberg reported last year that Advent was targeting a \$25 billion fund.

Advent is known to focus on leveraged buyouts, carveouts and growth-equity investments, primarily in Europe and North America, and for a strong track in high-growth sectors such as payments. Last year, the firm raised \$4 billion for its second dedicated technology fund.

To be sure, rising inflation and higher interest rates, and Russia's invasion of Ukraine have sparked concerns that fundraising may begin to wane. That's led many money managers to rush out new funds before markets deteriorate further. Some, like Blackstone and Apollo Global Management Inc., have begun to get creative in the race for investors' cash.

"Each time we are in a situation like this we need to re-prove ourselves -- you're only as good as your last deal," Brocklebank said, adding that inflation is a priority that the fund is addressing together with its portfolio companies.

The firm has no intention to go public like many of its peers, he and Mussafer said.