

Expert Q&A With Jennifer Cho Rinehart

Privcap: Almost half of MVision's clients have been first-time funds. Why?

Rinehart: When we were starting out, I think that we were looking for high return opportunities, and whether it was an existing fund or a new fund, we were indifferent. We thought we knew which investors we could bring on board to those types of opportunities.

I think as we've been growing our business in the US, those types of opportunities happen to be a little bit more prevalent. You see the next generation of leaders coming through in the private equity firms. There's a natural inflection point. So we've seen a lot of opportunities on that front.

Privcap: What kinds of questions do LPs tend to have about first-time funds?

Rinehart: I think they're looking for seasoned teams. Experienced teams that have been executing on a strategy for a long period of time. They want to see that that type of strategy is something that they can repeat outside of that parent company or the platform that were previously investing at.

But I think if you can align all of those elements, and that you can show that the opportunity's an exciting one, so it's not just another plain vanilla middle market buy-out fund, but there's something about the way they buy or what they buy that's differentiated. I think there is a whole universe of investors that can get very excited about that.

I think the converse is true as well. There's a whole universe of investors, no matter how good the experience or track record or strategy is, will never do a first time fund. So part of the knowledge that we bring to the table is that historical knowledge of which investors would be more inclined.

Privcap: What level of due diligence does MVision perform on its own potential GP clients?

Rinehart: So we would run the GP through our own due diligence process, which is very similar to that of your traditional LP. And I think we're going through the strategy, making sure everything is internally consistent, spending time with the entire team, and really understanding where potential weaknesses may be.

So let's not hope and pretend these issues won't arise during the fundraising. Let's be very cognizant about it, and try to be offensive in the way we handle those issues, and build it into maybe our materials, our marketing, the PPM, as opposed to being caught on the back foot as you're fundraising.