UPDATE: NewQuest Capital Buys Out Bank Of America Merrill's Asia Private-Equity Assets

By Nisha Gopalan

HONG KONG (Dow Jones)--Hong Kong-based NewQuest Capital Partners, which has been set up by four private equity firms, including Paul Capital, has bought out Bank of America Merrill Lynch's Asian private-equity assets.

The acquisition of the assets comes five months after Blackstone LP took over management of the more than $2 billion of real-estate assets in Asia owned by the Wall Street bank. Banks globally have been spinning out non-core assets that weighed on their cost of capital. On Dec. 1, HSBC Holdings's Asian private-equity arm, with about $2.4 billion under control, was bought out by its managers and renamed Headland Capital Partners, although HSBC retains a 19.9% stake.

The existing management team that managed the assets at Bank of America Merrill Lynch will manage the portfolio at NewQuest, the Hong Kong-based firm said.

Newquest formed NewQuest Asia Fund I, L.P., a fund focused on investment opportunities in Asia, to buy out the assets, which consists of more than 20 stakes--both majority and minority interests--in Chinese and Indian companies focused on domestic economies.

Newquest, which has US$400 million under management, is backed by a syndicate of private equity fund managers. They are Paul Capital, HarbourVest Global Private Equity Ltd. (HVPE.AE), LGT Capital Partners and Axiom Asia.

Massara declined to comment on how much was paid for the Bank of America Merrill Lynch assets, but noted that there was still money remaining from the US$400 million contributed by the four limited partners, although the company will likely raise another fund in future, depending on deal flows.

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