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Sporting Ranch, Still Raising First Fund, Maps Out a Second

Sporting Ranch Capital, which counts billionaire oilman **T. Boone Pickens** as a partner, plans to seek $50 million in the first quarter for its second fund that will purchase ranch properties, according to a person familiar.


T. Boone Pickens

The fundraising for Sporting Ranch Capital II LP will follow the final close of a debut fund which is expected to wrap up at $30 million to $40 million in December. Sporting Ranch Capital LP, which started marketing in June, has closed on about $20 million towards its $30 million target, said the person familiar.

The Dallas-based firm looks to purchase ranch properties in Colorado, Montana, Wyoming, Idaho, New Mexico and Oregon at depressed prices. The firm finds neglected ranches that are used for cattle and agriculture and fixes them up for recreational sportsmen by, among other things, adding fisheries and big game and upland bird habitats.

The investment period of the firm's vehicles lasts a short three to four months with a fund life of eight years subject to two one-year extensions, said the person familiar. Fund I has purchased three ranches so far with a plan to invest in three to four more.

Jay Ellis, who opened the first institutional sales offices for Morgan Stanley in Dallas, started the firm in June. Ellis got to know Boone while covering Boone's energy funds at Morgan Stanley for five years.

– Sabrina Willmer

SECONDARY MARKET

Utimco Plans Opportunistic Secondary Sales

University of Texas Investment Management Co. intends to "opportunistically sell" legacy investments from its private equity and venture capital portfolios on the secondary market, according to meeting materials.

Utimco wants to have 9 to 18 managers in its developed country private equity portfolio, down from 41 currently. In venture capital, it is targeting 8 to 14 managers, and currently has 25, the materials from its Nov. 9 meeting agenda show. In venture, it is interested in seed-stage investing, while in private equity, it likes lower mid-market buyouts and growth opportunities in technology, education and healthcare.

Utimco lists as examples of core managers firms including **TPG Capital, HIG Growth, Ford Financial, Union Square Partners, Sofinnova Ventures,** and **Foundry Group**. **Scott Bigham**, director of private markets investments, didn't immediately respond to a voice mail and email seeking comment.

The materials show that Utimco has utilized secondary markets twice in recent years – in 2008 and 2010 – to sell portions of its portfolio. It sold 28 partnerships valued at $233 million in 2008 at a relative price to net asset value of 89 percent. In 2010, it sold 20 partnerships valued at $469 million at a price to NAV of 92 percent.

The materials note that the current environment is generally more attractive for buyers than sellers on the secondary market.

– Jennifer Rossa and Sabrina Willmer

VERBATIM

On recent conference calls, executives from **Carlyle Group** and **KKR & Co.** answered questions about the process of raising multiple large funds simultaneously. These comments have been edited and condensed.

Carlyle: These funds are not first funds. They have an embedded investor base and typically investors reup with a fund that's been recently successful. If we were raising three funds of this size that had no track records, I'd be more nervous. We're seeing an influx of new investors into the alternative world, not only sovereign wealth funds but high net worth individuals. We also have a very large fundraising team and it's a large world. So we ask these fundraising teams where is the best place to go, and since we have about 1,400 existing institutional investors plus new investors, it's not as challenging as it might seem. On the other hand, I don't want to make it sound like it is so easy that when we get our targets, nobody will tell me what a great job I have done.

KKR: [On the North American fund,] "the $6 billion close that we got to in the first quarter, we did get there reasonably quickly. Then a lot of our investors started to focus on the Asia II Fund, and we had a significant amount of overlap in terms of our investor base. I think, given how their internal processes work, some of them decided to work on Asia ahead of NAXI. Now they've got that work done. We've got to $4 billion in Asia. Remember, we launched that at the beginning of this year. So that happened much more quickly than I would have anticipated. If you were looking back at the beginning of the year, I would have thought we'd have a bit more for NAXI and a reasonable amount less for Asia. And now that we're through the investment period for 2006, the focus is returning to NAXI while people finish their work on Asia II.