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Pro PE Fund News

Private-Equity Veteran Launches New Venture to Fill Fundraising Shortfall

The founder of Newbury Partners, Richard Lichter, has formed Causeway Equity Partners to back small private-equity firms facing fundraising shortfalls

By Rod James
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Private-equity veteran Richard Lichter launched Causeway Equity Partners, looking to capitalize on the growing numbers of investment managers struggling to hit their fundraising targets.

Causeway will make what many refer to as seasoned primary investments, committing to private-equity funds that have been in the fundraising market for long enough that they have already invested much of the capital they have collected, said Lichter, who previously founded secondary investment manager Newbury Partners. In 2023, Bridge Investment Group acquired Newbury, which at the time managed some $5.2 billion.

For Causeway this is a lower-risk and potentially higher-returning strategy than committing to funds that have yet to make any investments, Lichter said.

Causeway will initially look to raise around $300 million to commit to smaller funds that need help hitting their targets, he added.

Managing Partner Lichter is joined in the Miami-based venture by Partner Alex Maloney, who had previously served as a managing director at multi-strategy hedge firm Verition Fund Management, according to Causeway’s website.

Several factors have reduced the amount of capital that institutional investors are able to commit to private-equity funds, forcing even managers with good track records to stay on the road for longer to achieve their fundraising goals.

Among private-capital funds closed in 2024, fundraising processes have taken an average of 18.6 months, which would be the longest annual average since at least 2008, according to PitchBook data.

While Lichter expects these timelines to shorten eventually as investors' cash constraints loosen, for now it creates an opportunity for Causeway to back good managers that need help raising money to an unprecedented degree.

"Seasoned primaries will always be there, but they won't be unusually attractive the way they are now," Lichter said, adding the problem is particularly acute for firms raising funds of less than $1 billion, Causeway's main focus area.

Committing to a fund when it has already acquired assets should allow Causeway to return money to its investors more quickly, as the vehicle will be nearer the end of its investment period, Lichter said.

Causeway's own vehicles will have an investment period of two years, compared with four or five years for a conventional private-equity fund, further increasing the speed with which investors should receive cash returns from their investments, according to a statement from Causeway.

Seasoned primary investing also gives Causeway better visibility as to how a fund will perform than if it committed at the start of a fundraise.

"We see what we buy before we buy it," Lichter said, adding that Causeway's investments should return more than the target return for a typical fund investment, which equates to two-times invested capital net of fees.

Lichter was with Newbury Partners from its founding in 2006 to its sale in 2023 to real-estate-focused investment manager Bridge in a $320.1 million all-cash deal. He also was part of the original investment team at secondary investing giant Lexington Partners.

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