

# Kremlin to Hire 30 for New \$10Bln Equity Fund

By [The Moscow Times](#)

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The private equity unit being set up by President Dmitry Medvedev is seeking to hire 25 to 30 investment managers, according to a person with direct knowledge of the plan.

The fund, which will get at least \$10 billion of government money over the next five years and be managed by state development bank Vneshekonombank, will begin hiring in June, the person said, declining to be identified before the information is made public.

Medvedev announced the creation of the fund in January, as part of his drive to wean the economy off its dependence on natural-resource extraction. The venture may attract another \$40 billion of co-investment from foreign buyout firms and sovereign wealth funds over the next five years, head of the fund Kirill Dmitriyev said Thursday.

A former Goldman Sachs Group banker and president of Moscow-based Icon Private Equity, Dmitriyev was appointed Wednesday by the government. "Foreign funds with several trillion

dollars under management are hovering and considering making investment in Russian private equity," Dmitriyev said.

Co-investors, who will include international buyout funds, sovereign wealth funds and pensions plans, will be announced at the St. Petersburg economic forum in June, Dmitriyev said. Prime Minister Vladimir Putin, who is seeking investors to join the fund, on Tuesday introduced Dmitriyev to representatives from Goldman Sachs, Blackstone Group, Abu Dhabi Investment Authority and other funds from the United States, Europe, Asia and the Middle East, said Dmitry Peskov, the prime minister's spokesman.

Dmitriyev said the fund will focus on infrastructure, telecommunications, pharmaceuticals and aerospace.

Russian private-equity managers raised \$1.4 billion over the last three years, the least among the BRIC countries, though they are seeking \$4 billion this year and next, according to the Washington-based Emerging Markets Private Equity Association. The figure for China in the same period was \$28.6 billion, followed by \$15 billion for India and \$5 billion for Brazil.

"Russia has not proven to be a place where Western private-equity investors can have the returns and realize the profits commensurate with the risks they've had to take," Carlyle co-founder David Rubenstein said in Berlin in March.

Dmitriyev said one of the main goals of the Kremlin fund is to reduce the "unfair perception" of Russia being a risky place for investors.

The fund will buy minority stakes in companies and offer the same share to investors from "a club," Dmitriyev said. Investors will not be obliged to take part and can do so on a case-by-case basis.

"There are major opportunities to modernize infrastructure and some very big checks will be written," Dmitriyev said. "Toll roads, ports, bridges need to be built and these might be more interesting for sovereign funds and pension funds who have a longer investment horizon." Buyout funds might be more interested in telecoms, energy, health care and financial services where the risk and reward may be higher, he said.

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