



Secondary Consolidation: Industry Ventures Buys Little Hawk

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San Francisco-based secondary firm Industry Ventures today will announce its acquisition of Little Hawk Capital, a Washington, D.C.-based firm focused on direct and indirect investments in small VC and growth equity funds. Consider it a secondary secondary, which probably makes it a tertiary...

Little Hawk founder Roland Reynolds will serve as a principal with Industry Ventures, while existing Industry staffer Ken Wallace was promoted to vice president and will work with Reynolds. Little Hawk raised \$30 million for its debut fund in 2006, and still has room for a handful of new commitments. Reynolds says that the plan is to work through this vehicle — now rebranded Industry Little Hawk — before beginning a new fund-raise.

The existing Little Hawk portfolio includes commitments to debut funds from .406 Ventures and Foundry Group. The fund strategy is to buy into early-stage funds with \$250 million or less in capital under management and growth equity funds with \$500 million or less in capital under management (avg fund size is \$170m). Sometimes that can be direct purchases, but more often comes via the acquisition of unfunded commitments on the secondary market (unfunded defined as below 50% called).

“This is a strategic deal for us,” says Hans Swildens, founder and principal of Industry Ventures. “Our current fund does not invest in unfunded commitments to small funds, so this allows us to expand into an area we think is very inefficient. Little Hawk’s investment process and due diligence process is a lot about assessing teams and track record, while our secondary deal mostly does a company-by-company asset valuation methodology.

The combined firm will have investment relationships with nearly 100 general partners.