



Cortina targets \$100m for Australia cross-border fund

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Cortina Capital, a private equity firm that invests in Australian health and wellness brands with export potential in China and other Asian markets, is looking to raise \$100 million for its debut fund, AVCJ understands.

The firm was established by Alex Wu, previously of Hong Kong-based multi-family office platform Isola Capital and Olympus Capital Asia, and Dennis Lin, an M&A advisor who went on to invest in and serve as chairman of infant formula producer Bubs Australia. The third founding partner is Kevin Wang, a tax and financing expert.

Numerous GPs have turned to Australia when looking to tap rising Chinese demand for premium food and wellness products that are clean and safe. This thesis was apparent in acquisitions of businesses such as deli meats producer Primo Smallgoods and nutrition specialist Vitaco. It also underpins an entire strategy for Wattle Hill Capital and has brought Chinese managers like Hosen Capital and CDH Investments to Australia in search of deals.

Cortina positions itself in the lower middle market, targeting Australian brands that have yet to penetrate Asian markets and lack the resources and experience to do so on their own. Its sweet spot is check sizes of \$7-15 million. The firm wants to make control-oriented investments in businesses and help them go cross-border by leveraging strategic relationships in the region.

Lin already went on this journey with Bubs Australia. Working with the founders and management, he entered into agreements with Chinese e-commerce platforms, worked with exporter syndicates – daigou – that take products into China, and set up a local joint venture with offline distributor Beingmate. Revenue for the 2019 financial year came to A\$46.8 million (\$31.5 million), a 26-fold increase on 2015.

The company went public in Australia in 2017 through a reverse merger. It currently has a market capitalization of around A\$630 million, up from A\$30 million at time of listing. Bubs has raised A\$110 million in additional funding since it listed, including a A\$50 million commitment from C2 Capital, a PE firm affiliated to Alibaba, in April.

Wu's past experience includes Ausfarm Fresh Group, the product of a roll-up in the food space. Isola brought together 97-year-old apple brand Batlow, two apple farms, and cold-pressed juice brand Botanica to create Australia's largest vertically integrated apple enterprise. It also took the business downstream, developing a line of freeze-dried apple chips, and explored Asian expansion.

Lin and Wu know each other because Lin advised on Isola's acquisition of two assets that became part of the Ausfarm Fresh platform. Meanwhile, Wu and Wang were classmates in university.