Hispanic-Focused Palladium Equity Raises $1.56 Billion Private-Equity Fund

The New York-based firm raised $1.56 billion to back family- and founder-owned companies, including ones catering to the U.S. Hispanic population.

By Laura Kreutzer

Palladium Equity Partners, one of the oldest and largest firms backing companies that benefit from the growth of the U.S. Hispanic population, has raised just over $1.5 billion for its newest and largest fund.

The New York-based firm is expected to announce the final closing of Palladium Equity Partners V LP at $1.56 billion sometime this week, according to people familiar with the offering. The latest fund wrapped up slightly above its $1.5 billion target. The amount raised was around 37% larger than the $1.14 billion the firm raised for its predecessor in 2014.

Over the past decade, Palladium has built a reputation for backing family- and founder-owned companies, particularly ones that cater to the U.S. Hispanic population or that are run by Hispanic founders. Since it topped up its third fund in 2008 at $775 million, the firm has seen the U.S. Hispanic population and the companies that it targets grow significantly.

The U.S. Hispanic population has increased from 50.5 million in 2010 to 59.9 million in 2018, according to statistics from the U.S. Census Bureau.

One of the people said most of the companies Palladium backed in its earlier days typically produced around $5 million to $10 million of earnings before interest, tax, depreciation and amortization. Today, the firm sees many more companies that generate $30 million to $50 million or even $100 million of Ebitda, the person added.

Typically, Palladium invests $50 million to $150 million of equity in companies producing between $10 million and $75 million of Ebitda, the firm said on its website.

Palladium has already backed three deals out of its newest fund, according to this person. Last July, it backed Spice World Inc., a supplier of garlic and other spices. In October, it acquired Kymera International, a specialty materials company, from fellow private-equity firm Platinum Equity Partners. And in December, Palladium invested in family-owned Quirch Foods Co., which distributes and exports protein and Hispanic food products.

Palladium was founded in 1997 by Chairman and Chief Executive Marcos A. Rodriguez, who was previously a partner at the firm now known as JLL Partners. David Perez serves as Palladium’s president and chief operating officer.