
CAPITAL CREATION 2004

FUNDRAISING FORUM

Understanding the different investment approaches of Fund of Funds, Corporate Offices, Pension Funds, Endowment Offices and Family Offices to Ensure you are targeting your Fund at the right investors

Panel discussion

28th September 2004

Panel Participants

Panellists:

Ari Jauho

Proventure

Bernd Kreuter

Feri Trust

Ralph Aerni

SCM Strategic Capital Management

Silviu Savin

GIC Special Investments

Moderator:

Armando D'Amico

Acanthus Advisers

Questions for the panel

1. What is your investment strategy and has it changed over time?
2. How do you build your private equity portfolio?
3. What do you see as the most and least attractive areas at the moment?
4. What are the key issues for you when selecting managers?
5. What degree of influence do you seek as Limited Partner?

1. What is your investment strategy and has it changed over time?

- Background, sources of funds, organization
- When started in PE, size of current portfolio
- Geographic focus, investment strategy, annual investment amounts
- Return expectations and benchmarking
- Does the nature of your investors have an impact on your investment strategy or performance hurdles?
- Has your strategy changed significantly over time

2. How do you build your portfolio?

- How do you design your allocation (top down, bottom up, geography/stage, etc)
- How do you diversify? What do you consider over- and under-diversification?
- Do you diversify over time / vintage years?
- Do you use co-investments or secondaries as a portfolio construction tool?

3. What do you see as the most and least attractive areas at the moment?

- Europe BO: Large vs mid market buy-out groups. Country issues?
- US BO: Large vs mid market buy-out groups
- Venture: US vs Europe? Is European venture competitive, should the industry consolidate further?
- Other areas?
- Your views on the vintages past 3 years and next 3 years

4. What are the key issues for you when selecting managers?

- Brand names vs. emerging or spin-out managers
- What are your views on re-ups and “loyalty”?
- Succession issues - have they become a more relevant issue in recent times?
- How important are sector or regional focus?
- Sponsored vs independent funds
- Strengths and weaknesses of country vs pan regional funds
- Operational involvement vs financial engineering – need for more operationally experienced groups?

5. What degree of influence do you seek as Limited Partner?

- Early commitments
- Amount invested
- Presence and role on boards and annual meetings, corporate governance
- Terms negotiation, special clauses, carry...
- Would you use your position as significant investor to negotiate better terms?

Conclusions

What would you share with the audience as your top 3 tips for successfully investing and the 3 pitfalls to avoid?

Acanthus Advisers

Firm profile

- Independent fund placement and corporate advisory firm founded in 1998
- Fund focus: €100-500m any stage; providing fundraising, investor relations and strategic advice
- Corporate advisory focus: private transactions; €10-150m EV; healthcare, financial services & technology; Europe

Armando D'Amico – Managing Partner and founder

- 20 years' experience in private equity, banking and strategy consulting
- Senior banker at EBRD - €700m fund of funds
- Special adviser to Euro Private Equity Partners (FOF)
- Ten years strategy consulting Europe/US (Bain & Co., Alliance, Telesis)
- M.Sc. Civil Engineering, INSEAD MBA