
Super Investor 2004

***Comparing & Contrasting The Views Of
European & US LPs On The Asset Class:
Examining Commitment Size, Manager
Selection & Return Expectations***

Panel discussion

3 November 2004

Panel Participants

Panellists:

Thomas R. Dorr - *Managing Director* - Morgan Stanley
Alternative Investment Partners

Peter von Lehe - *Deputy Head Private Equity Fund Of Funds* –
Swiss Re

Thomas McComb - *Portfolio Manager* - JP Morgan Fleming
Asset Management

Erik Kaas - *Partner* – Partners Group

Sameer Patel - *Director, Private Market Investments* – General
Motors Investment Management

Panel chair:

Armando D'Amico - *Managing Partner* - Acanthus Advisers

Questions for the panel

- 1. Where are US and European LPs investing their private equity allocations?**
- 2. What areas are most attractive, what are too hot, what out of favour?**
- 3. How have US and European partnerships really performed? Implications for return expectations?**
- 4. How do US and European LPs pick funds?**
- 5. How will the accelerated rate of successions and spin-outs impact future performance and allocations?**

1. Where are LPs investing their private equity allocations?

- Geography, stage
- Portfolio construction
- Use of co-investments or secondaries as a portfolio construction tool
- Has the strategy changed significantly over the last 2-3 years

2. What areas are most attractive, what are too hot, what out of favour?

- Venture: US: is the “US top 20” a myth?
Europe: (when) will venture be competitive?
Should the industry consolidate further?
- Buy-outs: US vs. Europe? Large vs. MM vs. lower end? Country issues?
- What areas are you seeking or avoiding?

Buy-outs: where will you put your \$?

US V. Large	Europe V. Large
US Large	Europe Large
US Mid Market	Europe Mid Market
US Lower end	Europe Lower end

Definitions

Size bracket	Number of funds – US	Number of funds – EU
> \$3bn	20	<10
\$1-3bn	80	20-25
\$500m to \$1bn	100	20-25
< \$500m	700	250
~ Total	900	300

3. How have US and European partnerships really performed?

- What are your return expectations?
 - absolute, relative, what benchmarks
- How would you judge the expected vs. achieved performances, by type and geography?
- What conclusions can we draw about relative performance and future commitments?

4. How do US and European LPs pick funds?

Key factors in selection and DD

- Brand names vs. emerging or spin-outs...
- Re-ups vs. new commitments...
- Sector or regional focus...
- Sponsored vs. independent funds..., etc

Risk control post-investment?

5. How will the transformation of the industry impact future performance and allocations?

Succession has become a more relevant issue. The number of spin-out is increasing:

- Why are spin-outs on the increase?
- Do succession plans more often succeed or fail?
- How will the accelerated rate of transformation impact future performance and allocations?

Acanthus Advisers

Firm profile

- Independent fund placement and corporate advisory firm founded in 1998
- Fund focus: Typically Europe, €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