Risk Management Symposium

13-14 December 2016

Oxford

Private Equity Institute

LDS PARTNERS
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SAID BUSINESS SCHOOL

UNIVERSITY OF OXFORD

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Introduction

Welcome to the third annual Risk Management Symposium. The Symposium is organised, as in previous years, by LDS Partners, Luxembourg, and the Private Equity Institute, Saïd Business School, Oxford.

Private equity's illiquid nature means it is often perceived as one of the riskiest asset classes. However it is precisely the associated risk premium that attracts institutional investors to private equity. Harvesting the illiquidity risk premium requires specific risk management techniques. Have investors' risk management capabilities kept pace with their growing exposure to private equity?

The Risk Management Symposium is a unique opportunity for industry stakeholders and academics to discuss the current state of risk management in private equity, and plans for the future. We hope you enjoy the Symposium and look forward to your active participation.

Tim Jenkinson
Professor of Finance and Head of the Finance Faculty, Saïd Business School

Thomas Meyer
Managing Partner, LDS Partners

Pre-symposium reception

Tuesday 13 December

18:30-19:00	Registration and drinks reception
19:00-19:10	Welcome and introduction **Tim Jenkinson**, Professor of Finance and Director, Private Equity Institute, Saïd Business School, with introduction to the evening by **Thomas Meyer**, Managing Partner, LDS Partners
19:10-19:45	Pre-dinner presentation: **Simulating strategies under uncertainty in a competitive environment and under resource constraints** **Philip Sabin**, Professor of Strategic Studies, King's College
19:45-20:30	Dinner and evening, sponsored by **LDS Partners** and **17Capital**
20:30-20:45	Rules of the games explained
20:45-21:15	Case study: **War gaming as a tool to prepare for the unexpected** Conducted by participants and supervised by **Philip Sabin**
21:15-22:00	Discussion
22:00	Evening close

Symposium

Wednesday 14 December

08:30-09:00	Registration and welcome coffee
09:00-09:15	Welcome and introduction **Thomas Meyer**, Managing Partner, LDS Partners
09:15-10:00	Private equity industry data: a status report on recent developments, remaining challenges and limitations **Cornelius Mueller**, Research Director, Invest Europe
10:00-10:45	Liquidity in private equity: the role of interim financing Moderator: **Elias Korosis**, Head of Strategy, Hermes GPE Panelists: • **Augustin Duhamel**, Managing Partner, 17Capital • **Simon Hamilton**, Managing Director, Investec • **Ben Pearce**, Principal, Campbell Lutyens • **Yann Robard**, Managing Partner, Whitehorse Liquidity Partners
10:45-11:15	Coffee break
11:15-12:00	Presentation: The RATZ IRR (reconstructed average time zero internal rate of return) methodology to estimate the portfolio IRR from portfolio constituent **John Renkema**, Senior Portfolio Manager Private Equity, APG
12:00-13:00	Lunch

13:00-13:45	Presentation: **Value Creation in Buyout Deals: European Evidence** **Florin Vasvari**, Professor of Accounting, London Business School
13:45-14:30	**What role for risk management in private equity: how to maximise impact?** Moderator: **Ross Butler**, Director, Ten50 Advisers Panelists: • Chairman: **Laurent Braun**, Head of Equity Risk Management, European Investment Fund • **Andrew Freeman**, Chief Risk Officer, Ardian • **Philippe Jost**, Senior Vice President, Capital Dynamics • **Alan Picone**, MD, Global Head of Risk and Management Company Solutions, Duff & Phelps • **John Renkema**, Senior Portfolio Manager Private Equity, APG
14:30-15:00	Wrap-up: **Conclusions and the way forward** **Tim Jenkinson**, Professor of Finance, Saïd Business School, University of Oxford
15:00	**Networking reception**

Biographies

Laurent Braun

Laurent Braun runs the risk management team that assesses all transactions European Investment Fund enters into. Prior to that he headed the work-out team for project finance at the European Investment Bank. His prior experiences include being an Investment Manager at IP Group, a venture capital fund based in London, and being in charge of M&A at Bertelsmann in both Germany and New York. He started his career at the Boston Consulting Group.

Ross Butler

Ross Butler is a Co-Founder and Director at Ten50 Advisors, a communications and marketing consultancy focused on the investment industry. Ten50's clients include international buyout groups, venture capital firms and professional services companies, across the UK, Europe and Asia.

Ross is a former journalist and contributes to titles such as the Corporate Financier and the Spectator. Between 2004-2008 he was the Editor of Real Deals, Europe's private equity magazine.

Between 2008-2011 he led the European Private Equity & Venture Capital Association's communications campaign regarding the AIFM Directive; and served as an executive director of LPEQ from 2011-2013.

Augustin Duhamel

Augustin Duhamel co-founded 17Capital in 2008 and has more than two decades of experience in private equity, corporate finance and management consulting. Augustin's prior experience includes Deloitte, A.T. Kearney and Paribas. Augustin holds a Master's in Management from ESCP Europe Business School and a Degree in Economics from Paris IX Dauphine University.

17Capital is a leading global private equity specialist. The firm pioneered a dedicated strategy in 2008, offering bespoke financing for private equity investors.

Private equity investors, including General and Limited Partners, can raise capital to make further investments or generate liquidity to actively manage private equity exposure. Clients benefit from a flexible and competitive source of capital.

17Capital has completed over 30 transactions globally, and has an international team of 23 professionals in London and New York.

Andrew Freeman

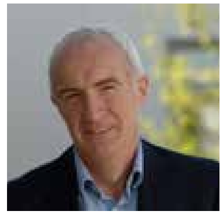
Andrew Freeman is Chief Risk Officer of Ardian and a Risk Fellow at the Centre for Risk Studies, Judge Business School, University of Cambridge. In a varied career he worked for the Financial Times and The Economist before joining McKinsey, first in the Strategy practice and then as a founding member of the Risk practice. He has authored and co-authored numerous books, working papers and articles, including *The New Arsenal of Risk Management* and *Owning the Right Risks* in Harvard Business Review, and *Seeing Tomorrow: Rewriting the Rules of Risk* (Wiley) with Ron Dembo. After lengthy spells as a pension fund trustee and school governor, he currently directs a not-for-profit think tank, 'The Finance Foundation'.

Simon Hamilton

Simon Hamilton is Global Head of Investec Fund Finance which is a specialist business focusing on lending to funds and the fund management teams across the private capital market. With offices in London, New York, Johannesburg and Sydney, the Investec Fund Finance team accounts for over 10% of the Banks balance sheet and has closed over 300 transactions over the last 4 years. Covering deals in primary, secondary, secondary direct & fund of funds, the business has established itself as a one of the leading providers of fund finance and has been acknowledged by numerous industry awards including both the Unquote and Real Deal award for "Bank of the Year."

Simon is part of the Investec Corporate & Institutional Banking division leadership team and has executive responsibility for the divisions' strategic development team. He is also a voting member of Investec's credit committee covering corporate, acquisition finance and structured capital market transactions. Prior to Investec, Simon had numerous lending and strategy roles within Lloyds TSB, with a focus on the SME market.

Tim Jenkinson



Tim Jenkinson is Professor of Finance at Saïd Business School. One of the leading authorities on private equity, IPOs, and institutional asset management, his research is widely quoted and has been published in the top academic journals.

Tim is Director of the Private Equity Institute, University of Oxford and is one of the founders of the Private Equity Research Consortium. Tim is a renowned teacher and presenter, and teaches executive courses on private equity, entrepreneurial finance, and valuation.

Outside of academe he is a partner at the leading economics consultancy Oxera, specialising in financial regulation, asset management and the cost of capital.

Tim joined Oxford Saïd in 2000. He previously worked in the economics department at the University of Oxford, which he joined in 1987. He studied economics as an undergraduate at Cambridge University, before going as a Thouron Fellow to the University of Pennsylvania, where he obtained a Masters in Economics. He then returned to the UK and obtained a DPhil in Economics from Oxford.

Philippe Jost

Philippe Jost is a Senior Vice President in Capital Dynamics' Solutions team, focusing on Portfolio and Risk management. He is maintaining Capital Dynamics' quantitative risk management tools and developing new private equity risk measurement models. He has authored and co-authored different research papers in this field. Prior to joining Capital Dynamics, Philippe was a quantitative researcher and created dynamic risk management solutions for pension funds. Earlier in his career, he was a researcher at the Swiss Federal Institute of Technology, where he wrote his thesis on sparse approximation. Philippe holds a Master's degree in Communication Systems and a PhD in Signal Processing from the Swiss Federal Institute of Technology.

Elias Korosis

Elias Korosis is a Partner at Hermes GPE and is responsible for directing their innovation-led growth investing globally as well as our investment strategy function, including global markets research, portfolio construction and exploring new areas in private markets. He also serves as the portfolio manager of the Hermes GPE Environmental Innovation Fund, a specialist growth equity/venture capital fund focused on sustainable growth. He joined Hermes GPE in 2011, based in London, and is a member of the Hermes GPE Investment and Management Committees.

Previously Elias was a Manager in research functions at Bridgewater Associates, working with large institutional investors on broad investment strategy questions. Prior to this he held several roles with Citigroup across banking and corporate strategy / M&A, initially with Schroder Salomon Smith Barney's M&A team. Elias holds an MSc in European Political Economy from the London School of Economics and a BSc in Economics and International Studies from the University of Warwick.

Thomas Meyer

Thomas Meyer is Partner and Co-Founder of LDS Partners, specialising in the development of investment strategies, portfolio management, cash-flow forecasting and asset allocation models for real assets (private equity, infrastructure, real estate).

Thomas was responsible for the creation of the European Investment Fund's risk management function and was a director of EVCA (now Invest Europe). He was the secretary of the EVCA Private Equity Risk Measurement Group, co-directed the limited partner course delivered by the Private Equity Institute at the Saïd Business School, University of Oxford, that led to the EVCA awarded CIPEI. Thomas is a Shimomura Fellow of the Development Bank of Japan and was a visiting researcher at Hitotsubashi University in Tokyo. Other career stations include intelligence officer in the German Air Force and as CFO of Allianz Asia Pacific in Singapore.

Thomas published several books on investment strategies and risk management for real assets. He authored *Private Equity Unchained* (2015, Palgrave MacMillan) and is the co-author of *Beyond the J Curve* (2005, translated into Chinese and Japanese), *J Curve exposure* (2007) and *Mastering Illiquidity* (2011), all published by John Wiley & Sons.

Cornelius Mueller

Cornelius Mueller joined Invest Europe (formerly European Private Equity and Venture Capital Association, EVCA) in 2011. As Research Director he is responsible for coordinating the collection, audit and communication of pan-European private equity industry statistics. Cornelius liaises with private equity professionals, policy makers, data suppliers and academics in order to improve the availability and accessibility of private equity data in Europe.

Cornelius holds a PhD from Durham University that investigated venture capital financing and performance of university spin-outs and has also previously worked as a research Associate at the University's Policy Research Group analysing business performance and economic impact. He has extensive academic expertise and operational experience in managing international research teams and projects for data collection and analysis of private equity and venture capital activity.

Ben Pearce

Ben Pearce is a Principal in Campbell Lutyens' secondary advisory team. Since 2007 he has advised a wide range of clients on the sale or restructuring of portfolios of private equity fund and direct interests. Prior to joining Campbell Lutyens, Ben worked in the strategic management consulting practice of Accenture where he worked on a number of strategic financial projects involving global institutions. He graduated with a first class master's degree in Mechanical Engineering from University of Warwick.

Alan Picone

Alan Picone is a Managing Director for Duff & Phelps, and heads up the firm's Risk Consulting practice.

Alan's subject matter expertise is risk management, a field where he has over 15 years' experience. With a strong academic background in quantitative modelling and risk measurement, Alan has developed over time a practitioner, holistic and pragmatic, understanding and command of risk management in the Alternative Investment Fund industry.

Alan serves in a capacity of Designated Risk Officer, and is a Risk Committee Board Member for a range of Alternative Investment Fund Managers. Additionally, he heads up Duff & Phelps' Third Party Management Company platform solutions within our Compliance and Regulatory Consulting division.

Prior to Duff & Phelps, Alan was leading the Financial Risk Management service line in Deloitte Luxembourg, and previously headed Risk Units in various institutions.

Alan holds a PhD in Theoretical Physics and Quantum Mechanics and graduated from Ecole Polytechnique in Paris.

John Renkema

John Renkema finished his studies in Mathematics in 1999, after which he was offered a job within Shell Trading And Shipping Company (STASCO) in London, where he worked as an Oil and Oil Derivatives Trader.

He joined IMC in 2001 as a Market Maker in options on equity and moved back to Holland.

He has been working at APG for more than 14 years. In the last eight years he has taken the role of Senior Portfolio Manager Private Equity, being amongst other things involved in the disposition of the equity share of APG in AlpInvest and the set-up of a new private equity strategy. Before that he has been working within APG as a Senior Portfolio Manager Commodities, and as such was involved in liquid as well as illiquid investments in commodities and natural resources.

In his current role John advises on the private equity commitment strategy of the pension clients of APG, is responsible for research on private equity performance and portfolio construction, monitoring of private equity investments and represents APG on a number of advisory boards and investment committees.

Yann Robard

Yann Robard has over 15 years of private equity and investment banking experience. Prior to founding Whitehorse Liquidity Partners, Yann spent a cumulative 13 years at Canada Pension Plan Investment Board (CPPIB), most recently being Managing Director, Head of Secondaries and Co-Investments. In this capacity, he was responsible for a team of 15 professionals investing in secondaries and co-investments on a global basis.

During his 13 years at CPPIB, Yann had several roles and positions, all focused in private equity, mainly in its funds, secondaries and co-investments activities. Yann joined at CPPIB's inception of its private equity activity in 2001. In 2007, Yann was provided the mandate to establish a principal secondary program within CPPIB. By 2015, the programme had invested over $7 billion, built a team of 15 professionals in Toronto and London and become a globally recognised market leader in the secondary market.

Prior to joining CPPIB, Yann spent time with Paul Capital, CIBC and JP Morgan. Yann holds a Bachelor of Commerce from Dalhousie University and is a CFA charterholder.

Philip Sabin

Philip Sabin is Professor of Strategic Studies in the War Studies Department at King's College London. He makes extensive use of conflict simulation techniques to model the dynamics of various conflicts, and since 2003 he has taught a highly innovative MA option module in which students design their own simulations of past conflicts.

He has written or edited 15 books and monographs, and his recent books *Lost Battles* (2007) and *Simulating War* (2012) make major contributions to the scholarly application of conflict simulation techniques. Since 2013 he has co-organised the annual Connections UK conference at KCL, bringing together over 150 wargames professionals (see http://professionalwargaming.co.uk). He has taken part in several defence wargaming projects, including working with the British Army to design a Camberley Kriegsspiel with which officers may practise battlegroup tactics. Professor Sabin appears frequently on radio and television, and has given many lectures and conference addresses around the world.

Florin Vasvari

Florin Vasvari is a Professor at London Business School and a Fellow at the Institute for Private Equity. He is also the Academic Director of the Senior Executive Mergers and Acquisitions Program at London Business School. His research and consulting are on private equity and debt markets and he has published extensively in top tier academic journals. Professor Vasvari is regularly invited to present his research at major business schools such as Chicago Booth, Columbia Business School, Wharton School, MIT Sloan School of Management, Harvard Business School, UCLA, INSEAD, and others.

He has been advising on private equity related issues at several organisations and large funds and sits on the advisory boards of Phidar Advisory and Validus Risk Management. He sits on the board of two top academic accounting journals and the advisory board of the Center for Accounting Research and Education. Professor Vasvari has authored a book entitled *International Private Equity*, published in 211 by John Wiley & Sons, which is considered a main reference for the industry. The book was endorsed by the heads of KKR and AXA Private Equity.

Professor Vasvari is both Canadian and Romanian and holds a PhD from the University of Toronto, Rotman School of Management and an MA from University of Toronto, Department of Economics.

Participants

Name		Affiliation
Neroli	Austin	University of Oxford
Andrew	Baum	University of Oxford
Alessandro	Bianchi	IFM
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Matias	Braun	Universidad Adolfo Ibáñez
Juerg	Burkhard	LGT Capital Partners
Andreas	Buttlar	WEGA INVEST GmbH
Giulia	Campagnoli	Inter Fund Management
Johan	Cassel	University of Oxford
David	Coleman	EBRD
Jeroen	Cornel	BlackRock
Fernanda	Cortés	Universidad de Guadalajara
Philippe	Defreyn	LDS Partners
Andrew	Delves	Oxford Business Partners
Javier	Echarri	LDS Partners
Constantinos	Economou	Capital Dynamics
Bart	Elema	Waterland Private Equity Investments
Paul	Farrell	LEAVE BLANK
Paolo	Gambogi	City, University of London
Lee	Gardella	Adveq Management
Matthias	Gögele	UBS
Johan	Haneveer	Waterland Private Equity Investments
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Wouter	Heberle	PGGM
Alex	Helpenstell	University of Oxford
Tom	Hillmann	Hermes GPE
James	Hilton	Siguler Guff UK LLP
Joerg	Hoeller	DB Private Equity
Reto	Hug	UBS
David	Hunt	IHS Markit
Marija	Jerkic	HBOR
Remy	Kakwabani	Siguler Guff UK LLP
Martin	Kim	Scala Advisory
Thomas	Klein	DEG
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Fokke	Lucas	17Capital
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Carlo	Panzeri	JP Morgan
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Gal	Treger	Blavatnik School of Government
Gina	Turtoiu	PwC
Pascal	Untersander	Adveq Management AG
Arnaud	Vanbellingen	European Investment Fund
Jacopo	Veronesi	Patrizia
Arhat	Virdi	University of Oxford
Darryl	Warner	FMO – the Dutch Development Bank

Executive Finance Programmes

Oxford's executive education programmes in finance provide the industry leaders of today and tomorrow with an opportunity to come together with peers from across the sector and around the world to develop their strategic knowledge with renowned professors.

Oxford Private Equity Programme

15-19 May 2017 £6,500

Provides a deep understanding of the industry, with access to world class research, renowned Oxford faculty and unrivalled business networks.

- Gain a comprehensive framework for assessing opportunities and trends in this key asset class
- Examine the main structures and transactions, leverage, fund selection, performance measurement, building dealflow, raising funds, accessing emerging markets and successful exit strategies
- Incorporating research from the Private Equity Institute and insights from senior industry figures

www.sbs.oxford.edu/pe

Oxford Chicago Valuation Programme

22–26 May 2017, Oxford   £6,500

Offered jointly with Chicago Booth, with tuition by top professors from both sides of the Atlantic, and in-depth analysis of transactions by executives from international banks and funds.

- Acquire a wealth of experience in valuing complex investments across geographies, sectors and asset classes including corporate mergers and acquisitions, LBO, venture capital, growth capital, distress, infrastructure and real estate.
- Detailed discussions and analysis of transactions delivered by senior partners working at top banks and private equity firms including Rothschild, Centerview, Goldman Sachs, Commerzbank, Bridgepoint and Patron Capital.

www.oxfordchicagovaluation.com

Oxford Real Estate Programme

25-29 June 2017 £5,500

The heart of this 4-day programme is the application of research-based knowledge to advance strategic thinking in modern real estate enterprises. Participants benefit from a series of challenges about the way their firms operate in order to:

- Develop a strategic view of the current challenges and opportunities of Real Estate investment based on analysis of current issues facing the sector; including technology, urbanisation, demographics, globalisation and developments in capital markets
- Design a real estate investment proposition and present it to industry funders
- Discuss strategic trends and ideas with expert panels from the London market and professional peers from around the world

www.sbs.oxford.edu/orep

Contact us

If you would like further details on any of these programmes, or would like to discuss your learning needs in more depth please contact Steve Brewster on +44(0)1865 422727 or email steve.brewster@sbs.ox.ac.uk.

Notes

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Private Equity Institute

The Private Equity Institute at Saïd Business School, University of Oxford was founded in 2009 to provide a forum to promote research, education and networking in private equity. Oxford Saïd ran its first private equity elective in 2000, and introduced the Private Equity Forum in 2006.

Together with the Oxford Said Finance Lab which began in 2012 and two leading global executive education programmes, the Private Equity Programme and the Oxford Chicago Valuation Programme, the Private Equity Institute offers unprecedented access to top private equity practitioners and research.

The Institute maintains an authoritative, independent and unbiased perspective on the private equity industry, aiming for the highest standard of academic integrity associated with the University of Oxford.

The Institute's research often involves working closely with industry practitioners and is aimed at the top peer-reviewed academic journals as well as more policy and practice oriented publications.

The Institute produces research that is equally important to investors (Limited Partners, or LPs, in funds), private equity fund managers (General Partners, or GPs), advisors, banks and companies, as well as entrepreneurs attracting the attention of private equity funds.

Their expertise is reflected in both programmes for students and in executive courses for professionals around the world. The Institute connects theory with practice, developing courses and case studies with leading practitioners.

In addition to research and education, the Institute encourages and supports a number of network initiatives, including the Private Equity Forum, Bridgepoint Private Equity Challenge, Centerview M & A Challenge, Hermes GPE Private Markets Challenge, Rothschild Global Advisory Challenge, and the Oxford Chicago Global Private Equity Challenge.

Saïd Business School

Saïd Business School at the University of Oxford blends the best of new and old. We are a vibrant and innovative business school, but yet deeply embedded in an 800 year old world-class university. We create programmes and ideas that have global impact. We educate people for successful business careers, and as a community seek to tackle world-scale problems. We deliver cutting-edge programmes and ground-breaking research that transform individuals, organisations, business practice, and society. We seek to be a world-class business school community, embedded in a world-class University, tackling world-scale problems.