

Risk management symposium



9-10 December 2015

Oxford



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Please note the conference is held under Chatham House Rule.

When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

Introduction

After the success of last year's inaugural Risk Management Symposium, LDS Partners, Luxembourg, and the Private Equity Institute, Saïd Business School, Oxford, have partnered again for another symposium.

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 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.

Tim Jenkinson

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

Thomas Meyer

Director, LDS Partners

Competitive source of capital for private equity investors

Unlock liquidity or increase investment capacity

Avoid a secondary sale or constraints of debt financing

FLEXIBILITY

Ability to invest between €10m to €300m in concentrated or diversified global portfolios

ALIGNMENT

Fully-aligned partnership between the investor and 17Capital

CONSISTENCY

3 funds under management backed by prominent international institutions

PROFESSIONAL

Multinational team of 16 highly-experienced professionals

INVESTED IN PORTFOLIOS WITH OVER €1BN OF VALUE IN THE PAST YEAR

General Partner

Capital for follow-on investments

US

Limited Partner

Bank reduces private equity exposure

Europe

Fund-of-Funds

Liquidity accelerated to meet obligations

Global

Listed PE Manager

Capital for new investments

Nordic

Pre-symposium reception

Wednesday 9 December

18:30-19:00

Registration and drinks reception

19:00-19:10

Welcome and introduction

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

19:10-20:00

Pre-dinner discussion – Endowment and bank approach to private equity investments: overlaps and differences

Speakers:

Daniel Balmisse, Executive Director, Direction Fonds de Fonds, Bpifrance

Nick Shaw, Head of Private Equity, Cambridge University Endowment

20:00

Networking dinner, sponsored by LDS Partners and 17Capital

Symposium

Thursday 10 December

08:30-08:50	Registration and coffee
08:50-09:00	Welcome and introduction Thomas Meyer, Director, LDS Partners
09:00-10:00	Session 1 – Measuring the risk of illiquid assets Ludovic Phalippou, Associate Professor of Finance, Saïd Business School Ludovic will present his latest research on private equity returns, which: <ul style="list-style-type: none">• Explain how to convert cash flow streams into a time-series of returns• Provide estimates of VaR, and volatility for sub-classes of private equity• Measure factor exposure of sub-classes of private equity• Provide estimates of exposure to macro-economic variables, e.g. inflation, to sub-classes of private equity
10:00-10:45	Session 2 – LP, GP and risk management – how can the dynamic among these parties work effectively? Lee Gardella, Managing Director, Adveq Management US <ul style="list-style-type: none">• LP/GP relationship overview• How does risk management fit in?• Risk management requirements• Opportunities for risk management to add value
10:45-11:15	Coffee break
11:15-12:15	Session 3 – Risk return profile of co-investments Reiner Braun, Friedrich-Alexander Universität Erlangen-Nürnberg Tim Jenkinson, Professor of Finance and Head of the Finance Faculty, Saïd Business School <ul style="list-style-type: none">• Do co-investments really outperform fund investments, and if yes, how? Gross versus net return?• What are the risks attached to co-investments?• Can co-investments be seen as risk management tools?
12:15-13:15	Lunch



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LDS Partners specialises in strategic decision systems, programme structuring, corporate governance and risk management solutions for limited and general partners in private equity, real estate and infrastructure.

→ **For general partner clients**, the methodologies support the development of business plans and produce AIFMD-compliant risk-return and liquidity profiles of the investments of an AIF, with the associated definitions of limits.

→ **For limited partner clients**, the methodologies provide a comprehensive risk management system, including stress testing and scenario analyses, as a major contributor to informed portfolio management. Insights include the risk-return profile of an investment programme and its individual components; cash flow forecasting, maximum cash exposure analyses, as well as return probability projections.

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13:15-14:00	<p>Session 4 – IT, ready or not?</p> <p>Olivier Dellenbach, CEO eFront and CEO AltExchange Looking at the current state of back office/IT/data treatment in the industry – particularly focused on the data management side, ultimately impacting risk management analyses and practices</p>
14:00-15:00	<p>Session 5 – Academic research versus or aligned with industry practice?</p> <p>Moderator: Ross Butler, Director, Ten50 Advisers</p> <p>Panel Members: David Coleman, Managing Director Risk Management, EBRD Cyril Demaria, Executive Director, Private Market Analyst, UBS Chief Investment Office Christoph Kaserer, Chair of Financial Management and Capital Markets, Technische Universität München Dominique Marchal, Partner, BMA Risk Management Solutions</p>
15:00-15:15	<p>Wrap-up: Conclusions and the way forward</p> <p>Tim Jenkinson and Thomas Meyer</p>
15:15	<p>Networking reception</p>

Biographies

Daniel Balmisse

Daniel Balmisse is Executive Director and Member of the Executive Committee of Bpifrance, and is in charge of the fund of funds business.

In July 2005, Daniel joined CDC Entreprises as deputy CEO for national funds of funds activities. He successively took over the responsibility for investments in expansion capital funds and then regional funds. He successfully built and developed an integrated and consistent fund of funds business with a portfolio of more than 300 funds and €5billion under management.

Daniel joined the Private Equity division (CDC Participations) at Caisse des Dépôts in 1997. He was in charge of venture capital investments in the Information Technology and Communications sector. He was appointed a Member of the Management Board and COO of CDC Ixis Innovation in 2002.

In 1994, he used his expertise in the sector within the French Ministry of Industry, where he was in charge of advanced telecommunications and various projects on telecommunications for SMEs. Daniel began his professional career in 1988 with technical and management positions in the telecommunications industry, first at the Société Internationale de Télécommunications Aéronautiques (SITA) and then at France Telecom.

Daniel graduated from SUPELEC in 1987.



Reiner Braun

Reiner Braun holds a Chair in Entrepreneurial Finance at the Technische Universität München (TUM) School of Management. His areas of expertise include innovation, start-up and growth financing and venture capital as well as private equity. Prior to joining TUM, he was Professor of Entrepreneurial Finance at the University of Erlangen-Nuremberg. Furthermore, he worked for Allianz Investment Management and co-founded a small venture capital fund.



Ross Butler

Ross Butler is a co-founder and director at Ten50 Advisers, a communications and marketing firm specialising in private market. Ross advises global buyout groups, venture capital investors and leading advisory firms on their messaging and positioning, public relations, and corporate and investor communication requirements.



Ross is a former journalist and has written across a number of business and political titles. He is a former editor of Real Deals, the European private equity magazine (2004-2008); served as Communications Director at the European Private Equity & Venture Capital Association (2008-2011); and External Affairs Director at LPEQ.

David Coleman

David Coleman joined EBRD as Managing Director, Risk Management in January 2014 when he assumed responsibility for credit risk, market risk and operational risk management. He has a mandate for investing and upgrading the second line of defence in response to the evolving best practices in the commercial market, and the challenges in the Bank's operating environment.



He was formerly the Chief Risk Officer of the investment banking arm of RBS. Appointed in September 2008, David was given responsibility for integrating ABN Amro and rebuilding the risk function following the collapse of the Bank. The task covered 65 countries and 2400 staff, and included all areas of risk management and compliance. It was completed in early 2013 to the satisfaction of key regulators and the Board.

David has a banking career stretching across 35 years, covering retail, wholesale, and investment banking with RBS, Deutsche Bank, Bankers Trust and NatWest. He co-authored the risk management examination text for the global professional body PRMIA.

Olivier Dellenbach

Olivier Dellenbach founded eFront in 1999 and has been the Chief Executive Officer since the company's inception. Olivier has extensive experience in the alternative investment and risk management industries, enabling him to lead the strategic direction of the company and its various software solutions, ensuring innovation remains the core value. Prior to founding eFront, he co-founded NAT Systèmes in 1987, becoming its chairman in 1989. The company was sold to the Canadian group Cognicase in 1998.



Olivier is a graduate of École Polytechnique, one of the most selective engineering schools in Europe.

Cyril Demaria

Cyril Demaria is Executive Director at the Chief Investment Office of UBS AG, and is in charge of private markets research. Prior to that he managed a venture capital fund, and was Chief Investment Officer of Tiaré Investment Management. He was investment associate and portfolio manager responsible for private equity funds investments in different institutions and started his career as an analyst in a venture capital fund.



He holds Masters degrees from HEC (Paris) in entrepreneurship; and in Geopolitics and European Business Law from Universities in Paris. Olivier lectures in private equity at EDHEC, ESCP-Europe and EADA, as well as AFIC (the French PE association). His publications include *'Introduction to private equity'* (Wiley, 2010-2013) and *'Private equity funds investments'* (Palgrave, 2015), the latter being the result of his doctoral research at University St Gallen.

Lee Gardella

Lee Gardella is the head of Adveq's US office and leads the firm's risk management efforts. Lee is a member of Adveq's Management Committee. He represents Risk Management in meetings of the Investment Committee.



Before joining Adveq in 2007, Lee was a Managing Director leading the Private Markets Group for CTC Consulting, the family office investment advisory subsidiary of US Trust Company in Stamford, Connecticut. From 1997 to 2005 he worked for the US Trust Company in the Private Equity and Alternative Investment Divisions making private equity direct and fund investments and leading the development of private equity, real estate and hedge fund investment products. Prior to that, Lee was an Associate at the Edison Venture Fund and Wilshire Associates, and a Treasury Analyst at National Steel Corporation.

Lee holds a Bachelor's degree in Finance from Shippensburg University, Pennsylvania and an MBA from the University of Notre Dame, US. He is also a CFA charter holder.

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 Head of the Finance Group at Oxford Saïd, Director of the Oxford Private Equity Institute, 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.

Christoph Kaserer

Christoph Kaserer is Professor of Finance at Technische Universität München (TUM). His area of expertise is corporate finance, private equity, banking, and asset management. Christoph has published his research in leading international academic journals, and is also active as an expert for the German Government as well as for public and private institutions. Christoph is also regularly invited to parliamentary hearings as an expert witness.



Before joining TUM, he became Professor of Financial Management and Accounting at Université de Fribourg, Switzerland, in 1999. From 2005 to 2010 he was the Dean of TUM School of Management.

Dominique Marchal

Dominique Marchal is co-founder at Bennani&Marchal Associates (BMA). BMA is an independent advisory services and technology company founded and registered in Luxembourg. BMA provides quantitative risk management solutions for the benefit of Alternative Investment Funds and Management Companies in Luxembourg, Paris and London.



Dominique has more than ten years' experience in risk management and applied economics, working in asset management and risk management for the central banks.

He is Conducting Officer in charge of risk management for several management companies of private equity funds, advising them on designing and implementing their risk management frameworks.

Dominique lectures in risk management and econometrics at the University of Strasbourg.

He graduated as statistician-economist from the ENSAE and holds a Master from the Institut d'Etudes Politiques de Strasbourg.

Thomas Meyer

Thomas Meyer is partner and co-founder of LDS Partners, specialising in the development of private equity risk measurement models and investment strategies. Previous roles include intelligence officer in the German Air Force and as CFO of Allianz Asia Pacific. He was responsible for the creation of the European Investment Fund's risk management function with focus on the development of valuation and risk management models and investment strategies for venture capital fund of funds.



Thomas co-directed the limited partner course delivered by the Private Equity Institute at Saïd Business School, University of Oxford, that led to the EVCA awarded CIPEI. He is member of EVCA's Private Equity Risk Measurement Group, a Shimomura Fellow of the Development Bank of Japan and was a visiting researcher at Hitotsubashi University in Tokyo.

Thomas authored '*Private Equity Unchained*' and is the co-author of '*Beyond the J Curve*', '*J Curve exposure*', '*Mastering Illiquidity*' and two CAIA Level II books, which are required reading for Level II of the Chartered Alternative Investment Analyst Programme.

He studied computer science at the Bundeswehr Universität in Munich and holds a Dr.rer.nat. from the University of Trier. He graduated with an MBA from the London Business School and with an MA in Japanese Language and Society from the University of Sheffield's School of East Asian Studies.

Ludovic Phalippou

An international authority in private equity investing, Ludovic Phalippou has been named as one of "*The 40 Most Outstanding B-School Profs Under 40 In The World*" by the business education website Poets&Quants in 2014. He has strong links with senior practitioners in the private equity industry, routinely speaks at practitioner conferences, and appears in the media internationally. He worked with a number of large institutional investors on their private equity investment decisions and benchmarking systems. His papers have been cited more than 1,000 times, presented in over 50 university seminars around the world, at all major academic conferences, downloaded over 35,000 times, and have been published in leading academic journals.



Ludovic achieved a degree in Economics from Toulouse School of Economics, a Master in Economics and a Master in Mathematical Finance both from the University of Southern California, and a PhD in Finance from INSEAD.

Nick Shaw

Nick Shaw joined the Cambridge University Investment Office in April 2008 as Investment Director, having previously been Deputy Managing Director and CIO of Private Equity at Gartmore. He has over twenty years' experience in funds and has had a private equity focus for fourteen years. He has a broad understanding of investment markets throughout Europe, the US and Asia.



In 1986 Nick joined Shell's pension fund where he became Deputy CIO after holding a variety of equity portfolio management roles before leaving to join Gartmore in 2003.

Executive Education Finance Programmes

From in-depth analysis of specialist subjects to a broader understanding of the role of finance in corporate decision making, our programmes provide technical insight and powerful networking for executives wishing to enhance their expertise and achieve competitive advantage.

Oxford Real Estate Programme

Discover the global real estate sector of 2025, and develop a resilient strategy to maximise your future returns

This programme has been designed to develop a strategic view of the current challenges and opportunities facing Real Estate investment and development based on a deep analysis of current issues facing the sector. Bringing together a range of experienced professionals from all over the world, the programme explores how to build a Real Estate enterprise in the current climate, and how to make it resilient enough to withstand the changes that it will face in the future.

www.sbs.oxford.edu/orep

Fees: £5,500

Dates: 6-10 November 2016

Oxford Private Equity Programme

Develop outstanding expertise with thought leaders and industry experts from around the globe

This is the most comprehensive executive programme of its kind, providing a deep understanding of the private equity industry, with access to world-class research, renowned Oxford faculty and unrivalled business networks. The programme examines the main structures, transactions, leverage, valuation principles and modelling, fund selection, performance assessment and successful exit strategies of this key sector.

www.sbs.oxford.edu/pe

Programme fee: £6,500

Dates: 9-13 May 2016

Oxford Chicago Valuation Programme

Applying valuation to strategic corporate and private equity investment decisions

This programme goes beyond the limitations of theory to provide an applied understanding of corporate and investment valuation for strategic decisions. Gain years' of experience with theory from senior faculty including Professor Mark E. Zmijewski from the Chicago Booth School of Business, Professor Tim Jenkinson and Andreas T. Angelopoulos from Saïd Business School. The programme offers the opportunity to explore case studies with executives from globally recognised firms, and engage in discussions with the Schools' combined alumni of industry leaders from around the world.

www.sbs.oxford.edu/ocvp

Fees: £6,500

Dates: 4-8 April 2016, Chicago

13-17 June 2016, Oxford

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.

Participants

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Reiner	Braun	Friedrich-Alexander Universität Erlangen-Nürnberg	Dominique	Marchal	BMA Risk Management Solutions
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Notes



Private Equity Institute

The Private Equity Institute at Saïd Business School 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 Saïd 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 objective of the Private Equity Institute is to be the leading academic institution in the field of private equity and its interconnected world of investors, banks and entrepreneurs.

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.

The Institute's expertise is reflected in both Oxford Saïd programmes for students and in the executive courses for professionals around the world. The staff of the institute connect 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, Oxford Chicago Discussions, Bridgepoint Private Equity Challenge, Centerview M&A Challenge, Hermes GPE Private Markets Challenge, Jefferies Equity Research Challenge and the Oxford Chicago Global Private Equity Challenge. Through these events the Institute fosters the exchange of views between academics, students, alumni and professionals.

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.