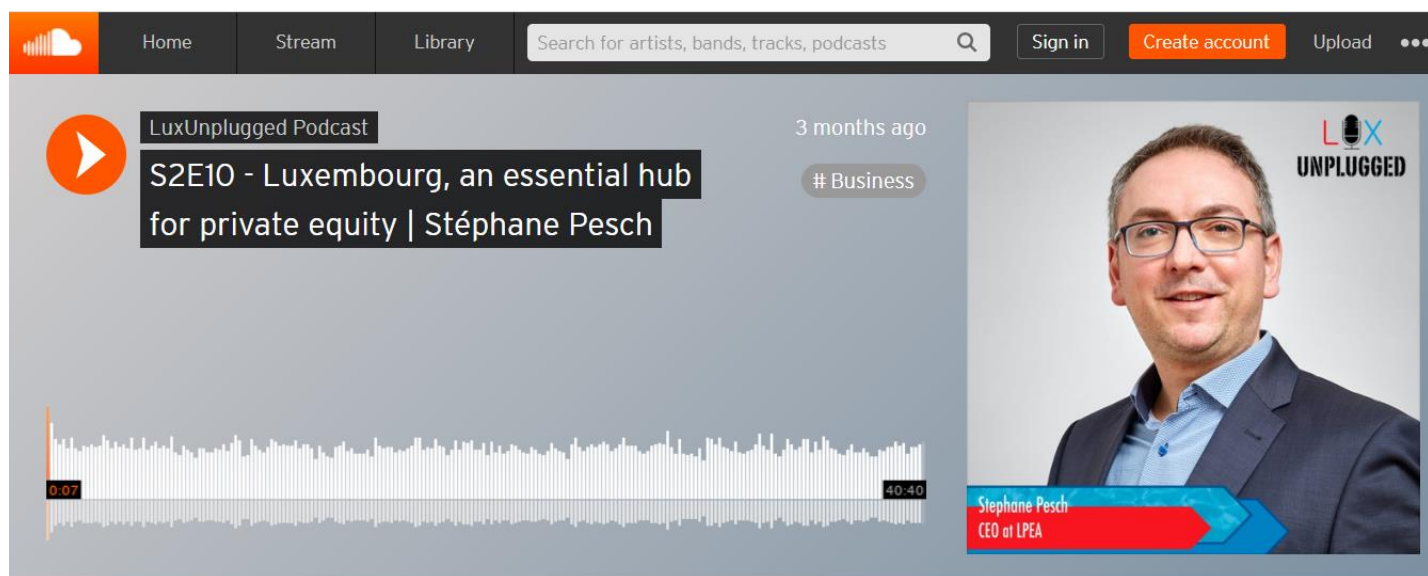




THE LUXEMBOURG VOICE OF PRIVATE CAPITAL

Press Clippings 2021

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LuxUnplugged P...

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Report

Adrien welcomes Stéphane Pesch, CEO at the Luxembourg Private Equity and Venture Capital Association (LPEA), to the show. In the context of the growing influence that the private equity (PE) industry exerts in Luxembourg, they discuss the role of the LPEA in underpinning this trend. A strong ESG proponent, Stéphane walks Adrien through the various initiatives that the LPEA has launched to help its members keep up with the recent requirements. Also, they talk about how the LPEA vividly promotes greater diversity in private equity, which is mainly male dominated. Finally, they explore options pertaining to opening up PE investment opportunities to smaller retail investors who normally don't get access to this more exclusive asset class.

SUPPLEMENTS » LUXEMBOURG REPORT 2021

Specialist fund admin roundtable: Technology and the human touch



Our expert panel looks at how the specialist fund admin industry is handling issues such as technology and cyber crime, discusses the threat of global competition and lays out an agenda for the year. Chaired by [Alex Rolandi](#).

Jervis Smith (Country managing director, Luxembourg, Vistra)

Lee Godfrey (Managing director, Western Europe, Intertrust Group)

Stéphane Pesch (CEO, LPEA)

Robert Brimeyer (Managing director, Alter Domus Luxembourg)

Christian Heinen (Managing director, IQ-EQ Luxembourg)

Noel Fessey (CEO, European Fund Administration)

Fabrice Mas (Head of PERA, Luxembourg, MUFG Investor Services)

Funds Europe – Within your firms, which is the single most complicated challenge that technology has helped solve in terms of carrying out administration for private markets vehicles? And which technology partner do you use?

Stéphane Pesch, LPEA – We see technology as an enabler, as an accelerator of growth and it also makes the private equity and venture capital industries more professional and efficient.

Funds Europe – Cyber crime is becoming increasingly sophisticated, as was shown at the end of last year when high-level US government departments were breached by hackers. What kinds of conversations do fund administrators need to be having to make sure all safeguards are in check? Where might the main vulnerabilities lie?

If the vulnerable point is people, you respond to that problem by educating and training them. You also watch out for behaviours and have the right systems on board, but certainly take external elements into account too.

SUPPLEMENTS » LUXEMBOURG REPORT 2021

Specialist fund admin roundtable: Technology and the human touch

Funds Europe – There have been many appointments in recent years to specialist fund administrators of people who previously worked at large custodians predominantly focused on the Ucits funds sector. Is this a coincidence? If not, what is behind it?

I am very proud to be surrounded by such bullish ambassadors and specialised providers of the private markets and PE/VC industries. You absolutely said it, the growth is there. When you look at, for example, the special limited partnerships (SCSp) in Luxembourg, more than 4,300 active structures in only seven years and more than 1,160 RAIFs in four years, so it's absolutely where the trend is moving. Also, in my past when I was still working in the fund administration business, eight projects out of ten were already in the 'alternative' space, so the traction is there.

From a more opportunistic perspective and in the context of the AIFMD implementation (2013), while Ucits depositary banks/custodians were beefing up their alternative operations, PSFs (non-banks) were also able to deliver depositary services to PE/VC funds (excluding financial instruments). This unique opportunity represented a completely new business model which had to be 'fed', inspired by experts from the field, who certainly had to adapt to the specificities of the PE/VC asset classes, but it really made sense to take the experience where it was.

Funds Europe – What are the main priorities on the agenda for the year ahead, and has the pandemic had any influence on them? Can tech play even more of a role in 2021, which yet again looks set to be marked by uncertainty?

When the pandemic started, we had no other choice but to really rethink our operations, so we digitalised all our activities, including all the events and roadshows, webinars and even training, as well as the flagship conference at the end of the year. We are very happy with the results, which proved that this is a viable model which we can certainly use further in the future.

We still hope that in Q4 this year, we might be able to have some in-person events again, but have Plan B in place, including the studio we've invested in, meaning we're well equipped to continue with virtual events if need be.

As for other priorities, some of the big topics we will work on with our different committees will include the AIFMD review, SFDR/ESG and MiFID and cross-border fund distribution. Talent attraction and development is a priority too.

[HOME](#) / [EVENTS](#) / LPEA PRIVATE EQUITY JOB FAIR

LPEA Private Equity Job Fair

Tuesday, 23 March 2021 10:10 - Tuesday, 23 March 2021 00:00

SHARE THIS ARTICLE:



Details:

The Luxembourg Private Equity & Venture Capital Association (LPEA) is organising “Career Adventure Day”, a digital job fair exclusively dedicated to private equity and venture capital jobs, on Tuesday 23 March 2021.

The Career Adventure Day will feature hundreds job vacancies from LPEA members. Confirmed exhibitors include: Alter Domus; Apex; Arendt & Medernach; Astorg; Atoz; BNP Paribas Securities Services; Caceis; DLA Piper; Elvinger Hoss; European Investment Fund (EIF); EY; Ilavská Vuillermoz Capital; Intertrust; IQEQ; KPMG; Luxempart; Nordea; Ocorian; PwC; RSM; Sanne; TMF.

The private equity and venture capital sectors have been growing consistently for the past decade and an increasing number of jobs are posted regularly in Luxembourg.

The LPEA job fair welcomes candidates with and without professional experience (internships) and those who are either already based in Luxembourg or who are willing to move to Luxembourg.

A series of talks will also take place during the day to help candidates navigate the specificities of the sector.

Stephane Pesch, CEO of the LPEA, noted: *“After seeing the growing number of job vacancies advertised by many of our members, we decided to create a platform to help them in finding new talents coming from other areas of the financial centre as well as from other European markets”.*

This initiative follows the creation of a dedicated Human Resources Club in LPEA to support members of the association in attracting and recruiting talents interested in private equity, venture capital, private debt and infrastructure investments.

Registration for the Career Adventure Day is free of charge. Further information is available at: lpea.lu/careerssection.

Venue: Online

Organiser: LEAPA

Price: Free

Reservations: See above



Winners announced for Private Equity Wire European Awards 2021

BY NICK EVANS | 25/03/2021 - 5:00PM



We are delighted to announce the winners of this year's Private Equity Wire European Awards, compiled in conjunction with Bloomberg.

The Private Equity Wire European Awards 2021 recognise excellence and leadership among private equity fund managers and service providers in Europe across a wide range of categories.

The GP award categories, for performance and fundraising success, cover a broad spectrum of investment strategies and asset classes – including Buyout (Large-Cap and Mid-Cap), Growth, Funds of Funds, Secondaries, Private Debt, Co-Investment, Real Estate, and Real Assets – while the service provider award categories span all the key areas of the broader private equity ecosystem.

Our partners in the awards, Bloomberg, provided the fund performance and fundraising data on which the nominations for best debt private equity fund managers were based.

These GP nominee shortlists, together with the pre-selected shortlists for the service provider categories, were then voted on by the industry in an extensive poll of the entire Private Equity Wire readership over several weeks.

Voted for by participants within the private equity industry itself, the Private Equity Wire Awards are a valuable mark of recognition and respect among peers, advisors, and counterparties – highlighting the achievements and successes of the leaders in a vibrant and highly competitive industry.

All the winners are invited to a virtual Awards ceremony and networking event that includes a welcome address from Private Equity Wire editor-in-chief James Williams, and a 'fireside chat' with Dr Christian Bohler and David Swanson – head of secondaries, and head of secondaries in the US, at Unigestion.

The winners in each category are as follows:

- Best Fund Administrator - Technology** – Crestbridge
- Best Data Management Solution** – CEPRES
- Best Fund Administrator (GP's with assets >\$30Bn)** – Alter Domus
- Best Recruitment Company for Investor Relations & Asset Raising** – Jensen Partners
- Best Recruitment Company for Operations & Finance** – One Ten Associates
- Best Growth Manager** – Dyal Capital Partners
- Best Secondaries Manager (fund size up to \$1bn)** – Unigestion
- Best Portfolio Management Software Provider** – FIS
- Best ESG Solution Provider** – AssetMetrix
- Best Investor Relations Technology** – SS&C Intralinks
- Best Regulatory & Compliance Firm** – ACA Group
- Best Tax Adviser** – EisnerAmper LLP
- Best Technology Infrastructure Provider** – Options
- Best Secure Work-flow Management Provider** – DealCloud, an Intapp Company
- Best Technology Advisory Firm** – Lionpoint
- Best Fund Raising Solution** – iConnections
- Best Accounting Firm** – Wheelhouse Advisors
- Best Cloud Services Provider** – RFA
- Best Fund of Funds Manager** – Neuberger Berman Private Equity
- Best Fundraising Firm - Mid-Cap Buyout (fund size \$3bn+)** – IK Investment Partners
- Best Fundraising Firm - Fund of Funds** – Allianz Capital Partners
- Best Accounting and Reporting Software** – SS&C Advent
- Best Risk Management Software Provider** – Validus Risk Management
- Best Secondaries Manager (fund size \$1bn+)** – LGT Capital Partners
- Best Fund Administrator (GP's with assets <\$30Bn)** – TMF Group
- Best Custodian** – Northern Trust
- Best Offshore Law Firm** – Arendt
- Best PR & Communications Agency** – Prosek Partners
- Best Placement Agent - Generalist Funds** – Asante Capital
- Best Large-Cap Buyout Manager** – CVC
- Best Mid-Cap Buyout Manager** – Bridgepoint
- Best Debt Manager (fund size up to \$1bn)** – M&G
- Best Real Estate Manager** – Partners Group
- Best Real Assets Manager** – Antin Infrastructure Partners
- Best Fundraising Firm - Large-Cap Buyout** – Cinven
- Best Fundraising Firm - Growth** – CVC
- Best Fundraising Firm - Co-investment** – Eurazeo
- Best Fundraising Firm - Debt** – Arcmont Asset Management
- Best Fundraising Firm - Real Estate** – Pictet Alternative Advisors
- Best Fundraising Firm - Real Assets** – Ardian
- Best Law Firm** – Eversheds Sutherland LLP
- Best Insurance Service Provider** – Colmore
- Best ODD Solution** – DFIN
- Best Private Equity Fund Domicile** – Luxembourg
- Best Cyber Security Provider** – Edge Technology Group
- Best Co-investment Manager** – Capital Dynamics
- Best Debt Manager (fund size \$1bn-\$3bn)** – Park Square
- Best Debt Manager (fund size \$3bn+)** – Pemberton
- Best Fundraising Firm - Mid-Cap Buyout (fund size up to \$3bn)** – Altor
- Best Fundraising Firm - Secondaries** – Partners Group

Un secteur en pleine expansion sur la Place

Écrit par [Marc Fassone](#)

Publié The 26.03.2021

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Stéphane Pesch, est chief executive officer de la Luxembourg Private Equity & Venture Capital Association (LPEA). (Photo: Patricia Pitsch / archives Maison Moderne)

Le constat laisse rêveur: en moins de deux décennies, le volume d'actifs sous gestion dans le domaine du private equity est passé de presque rien à plus de 400 milliards d'euros, selon les estimations de la LPEA. Luxembourg domicilie 90% des fonds d'investissement européens spécialisés dans cette technique financière.

Une taille théorique, précise Stéphane Pesch, le chief executive officer de la [Luxembourg Private Equity & Venture Capital Association](#) (LPEA). «Théorique», parce que le secteur se compose, sur la Place, de fonds régulés – qui sont donc tenus de faire des reportings réguliers auprès de la Commission de surveillance du secteur financier (CSSF) – et de fonds non régulés, qui, en fonction de leur taille, peuvent vivre leur vie sans avoir à communiquer trop de données. Sans compter le niveau «du dessous», celui des sociétés holding privées. «Avoir une vision globale du secteur en fonction de ses actifs est complexe.» Une complexité renforcée par le mode de fonctionnement des fonds de private equity: tout tourne autour de la promesse (le commitment). L'investisseur, au moment de rentrer dans un fonds, fait une promesse par rapport à l'argent qu'il veut investir. Une promesse, car l'argent ne sera versé au fonds qu'au fur et à mesure que le gestionnaire prendra des participations. Pour estimer la taille du secteur, il convient

de se référer à l'étude annuelle lancée en 2017 par l'Alfi, Deloitte et la LPEA.

Pour qui les actifs sous gestion du secteur étaient, en septembre 2019, de 149 milliards. Bien loin, donc, de la taille théorique de 400 milliards calculée par la LPEA, pour qui il faut prendre en compte les promesses pour se rendre compte de l'importance de cette industrie. Ce qui frappe, encore plus que la taille réelle ou supposée, c'est la vitesse de la progression des actifs sous gestion. En septembre 2017, Deloitte estimait les actifs sous gestion à 73,75 milliards d'euros. Fin septembre 2019, deux ans plus tard, ce montant avait doublé. La progression, on la trouve également dans la taille moyenne d'un fonds, qui, de 2018 à 2019, a progressé de 50%, à 200,6 millions.

Les raisons de cet attrait sont multiples. On citera bien sûr les atouts traditionnels du Luxembourg, mais aussi l'environnement du monde de l'investissement, marqué par le niveau toujours historiquement bas des taux

d'intérêt sur la décennie. D'où une attractivité qui ne se dément pas pour les produits alternatifs, dont les rendements sont considérés comme supérieurs à ceux des actions sur les marchés cotés.

Et pas forcément plus risqués. «C'est une vraie tendance: le ratio de création de fonds sur la Place est actuellement de 4 fonds alternatifs pour 1 fonds Ucits. Si tous ces fonds alternatifs ne sont pas des fonds de private equity, ils en représentent quand même la majorité.»

Dans ce petit monde en pleine croissance, le Luxembourg est arrivé à occuper une place de choix: 90% des fonds d'investissement européens sur ce segment d'activité sont domiciliés au Luxembourg. «La place financière est le centre au départ duquel la grande majorité des acteurs private equity globaux mènent des opérations en Europe.»

Un succès que l'on doit à la «boîte à outils» luxembourgeoise, qui, depuis 2004 et la création de la sicar (société d'investissement en capital à risque), s'est étoffée, jusqu'à la création, en 2016, dans le sillage de la directive AIFM (Alternative Investment Fund Managers Directive), du fonds d'investissement alternatif réservé (Raif). Une boîte à outils qui a su prendre le relais de la fiscalité. Il est vrai que le Luxembourg a d'abord été utilisé par les opérateurs comme lieu d'implantation de sociétés d'acquisition et de détention de portefeuilles afin de bénéficier des avantages de l'exonération des plus-values de cession en cas de vente de la société cible, ainsi que des possibilités de structurer le rapatriement des gains vers les investisseurs, y compris des investisseurs situés dans des pays n'ayant pas de traités de non double imposition avec le Luxembourg. Le tout avec peu de présence ou de substance. Une époque révolue.

Conséquence logique: tous les grands noms de l'industrie du private equity sont désormais installés au Luxembourg. À des degrés divers. Il y a, bien sûr, des sociétés comme Mangrove Capital Partners ou Expon Capital, qui ont un lien historique avec le pays. Elles y sont nées, s'y sont développées et

prennent leurs décisions depuis le Luxembourg. D'autres sociétés ont choisi le Luxembourg pour développer leurs activités vers l'Europe.

Ces arrivées ont permis le développement d'un véritable écosystème complet. Ou presque. En 10 ans, constate Stéphane Pesch, l'industrie s'est développée sur toute la chaîne de valeur. Les professionnels ont renforcé leur substance et sont à la recherche de profils de plus en plus pointus.

Notamment dans les domaines de la gestion du risque et de la compliance. «D'une Place de back-office spécialisée dans la comptabilité, la tenue de registres et les transferts, on est passé à une Place de middle-office qui s'occupe de la gestion quotidienne des fonds AIFM. Le point sur lequel on doit s'améliorer, c'est le front-office. Il faut attirer les 'Deals teams', ces équipes qui décident de la stratégie d'investissement.» Les choses semblent aller en ce sens, relève Stéphane Pesch. Pour qui un cercle vertueux s'amorce: c'est en attirant les managers internationaux que les prestataires de services pourront continuer à croître.

La LPEA compte actuellement un peu plus de 300 membres. La majorité est constituée de managers, d'investisseurs et de family offices. Le solde est constitué de prestataires de services (firmes d'audit, de conseil, avocats et banques dépositaires) et de membres indépendants (des directeurs indépendants ou des start-up).

Au-delà d'attirer les équipes de front-office, d'autres défis se posent à l'écosystème du private equity luxembourgeois.

Il y a bien sûr le classique des classiques: «s'adapter aux évolutions réglementaires». La directive AIFM – qui date de 2013 – est en cours de modification. La Commission en est à la phase de consultation des professionnels. Il y a aussi l'implémentation de la directive SFDR (Sustainable Finance Disclosure Regulation), qui touche aux reportings des obligations liées à la finance durable. «Sans oublier de regarder ce qui se

fait ailleurs. Nos compétiteurs ne dorment pas. S'il y a des choses intéressantes dont on peut s'inspirer, que l'on peut implémenter par la suite, pourquoi ne pas le faire?» Sur le fond, Stéphane Pesch voit dans la finance verte une réelle opportunité. Même si ses ouailles semblent s'y intéresser en ordre dispersé. «Cela fait sens. Ce serait dommage de dire qu'il n'y avait pas moyen de faire autrement que de l'imposer quand même.» Sur le terrain, la tendance dominante est la pression mise par les investisseurs pour que les investissements des fonds produisent des impacts positifs sur la société. Du coup, de plus en plus d'acteurs se préparent à intégrer la taxonomie européenne et s'intéressent à des solutions de labellisation comme Luxflag. La digitalisation est également un grand défi pour un secteur «qui, de par sa structure, au début, n'était pas très digital. Au tout début, certains travaillaient encore avec des fichiers Excel. Ce qui était un peu primitif.» Stéphane Pesch relève que les choses se sont grandement améliorées depuis. Une amélioration qui s'est jouée sur plusieurs niveaux. Chez les managers, d'abord: il fallait créer des portails pour que les investisseurs puissent avoir accès aux reportings. Cela permettait de répondre à la critique du manque de transparence du secteur, souvent comparé à celui des hedge funds. «Ils ont

fait de gros efforts. Sous la pression des investisseurs.»

Du côté du back et du middle-office, - Stéphane Pesch constate une industrialisation des processus, de plus en plus automatisés. Une conséquence logique de la recherche constante du contrôle des coûts.

Il relève aussi l'émergence de l'intelligence artificielle sur des opérations très ciblées, comme la présélection de projets. «Un gestionnaire peut recevoir jusqu'à 200 projets de start-up par jour. Avoir un programme qui procéderait à une présélection sur la base de l'expérience acquise serait génial.» Globalement, digitaliser permettrait de mieux coordonner les différentes équipes, leurs analyses des business cases et la prise de décision validant la levée de fonds et leurs engagements, et d'aboutir à des processus harmonisés de recherche d'opportunités d'investissement.

Le CEO de la LPEA voit également beaucoup d'attrait pour la technologie de la blockchain, notamment en termes de suivi des transactions et en matière de transfert d'actifs. «Tout le monde en a beaucoup parlé, mais cela ne s'est pas encore mis en place comme on l'espérait.»

« C'EST UNE VRAIE TENDANCE: LE RATIO DE CRÉATION DE FONDS SUR LA PLACE EST ACTUELLEMENT DE 4 FONDS ALTERNATIFS POUR 1 FONDS UCITS. »



Stéphane Pesch, CEO, LPEA

Cet article a été rédigé pour l'édition magazine de [Paperjam datée d'avril](#) qui est parue le 24 mars 2021.

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GLOBAL TECH CONFERENCE
 FINTECH • DIGITAL • SPACE
 14 – 15 September 2021

"LUXEMBOURG, A LOCATION LIKE NO OTHER IN TERMS OF CONCENTRATION OF PE/VC-RELATED SERVICES"

[← ARTICLE PRÉCÉDENT](#)
Sustainable finance : from regulatory agenda to product...

[ARTICLE SUIVANT →](#)
IQ-EQ enters the U.S. Private Wealth market with the acquisition...

By Stephane Pesch, CEO, LPEA.

We at the LPEA, were honoured to be a part of the European Finance Summit Luxembourg Finance Awards this year. We congratulate Luxembourg For Finance, our long-term partner and ally for winning the “Outstanding Contribution to the Luxembourg Financial Centre” award.

Created in 2010, with 303 members today, the Luxembourg Private Equity and Venture Capital Association (LPEA) is the representative body of Private Equity (PE) and Venture Capital (VC) practitioners in Luxembourg.

For the past 10 years, the LPEA actively contributed to the creation of new standards and market practices that make Luxembourg a global reference and a location like no other in terms of concentration of PE/VC-related services.

In order to make the necessary changes and exciting things happen, we welcome experienced professionals from member firms to participate in our Technical Committees and Clubs. These groups within the association are working hard to improve the ecosystem and make it one of the most attractive ones around the world.

They raise important questions, launch new ideas and help us organise events, which we believe are the key to exchange knowledge and get inspired for new beginnings. We organise more than 40 events in Luxembourg, in Europe and across the ocean on an annual basis and recently expanded to a wider audience adding online events and conferences while embracing the new reality forced by the pandemic.

Addressing an important discussion about the attraction of talents to Luxembourg and proper training solutions for the sector, the LPEA launched its Academy in 2020 to train young professionals. The association also actively promotes careers in the asset class to candidates looking for opportunities in Luxembourg. The Academy initiative was shortly followed by the 1st LPEA Job Fair which was born from our moto “Matching Talents & Money”. The LPEA and its members look for bright minds, help them find opportunities, welcome them in our fascinating sector and help them grow into top-level practitioners. Isn’t it the whole idea of PE/VC itself?

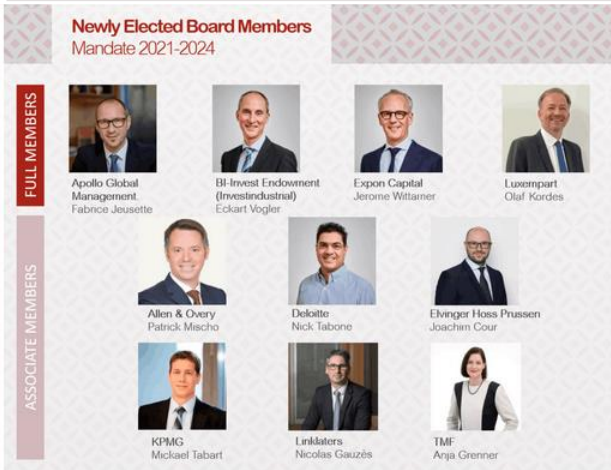
Our Association is proud to be a part of the Luxembourg community and is delighted to have the opportunity to contribute to the development of the country and to create a better world.

LPEA announces 10 additions to its board

Written by **Abigail Okorodus**

Published on 09.06.2021 • Edited on 09.06.2021 at 14:57

Share



The other eight elected members include:

- BI-Invest Endowment (Investindustrial) represented by Eckart Vogler
- Expon Capital represented by Jerome Wittamer
- Allen & Overy represented by Patrick Mischo
- Deloitte represented by Nick Tabone
- Elvinger Hoss Prussen represented by Joachim Cour
- KPMG represented by Mickael Tabart
- Linklaters represented by Nicolas Gauzès
- TMF represented by Anja Grenner

Stephane Pesch, CEO of LPEA, said that despite a complicated year, he is very proud of LPEA's track record, resilience, agility and efficient teamwork highlighting the resilience of the association, which closed the year with more than 58 webinars, interviews and the launch of a training academy focused on private equity and venture capital.

The membership of the LPEA increased by 48 members to around 300 in total, most of which represent fund managers and independent directors.

The Luxembourg Private Equity and Venture Capital Association (LPEA) has announced the addition of 10 newly elected member firms serving a 3-year term on its 30-member board.

Following the annual general meeting held 8 June to conclude its anniversary year, 10 member firms with the status of associate and full members joined the LPEA's Board represented by a select delegate.

Two of the elected member firms will be serving a first-time mandate on LPEA's Board. These include [Apollo Global Management](#), one of the world's largest alternative investment managers with \$81bn of assets under management and represented by Fabrice Jeusette on the board. The second is [Luxempart](#), a leading investment company listed on the Luxembourg Stock Exchange with diverse investment portfolios in listed and non-listed companies and represented by Olaf Kordes.



ASSEMBLÉE GÉNÉRALE

La LPEA renforce son conseil d'administration

Écrit par Paperjam.lu

Publié The 09.06.2021 • Édité The 10.06.2021



Dix nouveaux acteurs du private equity ont rejoint le conseil d'administration de la LPEA à l'occasion de son assemblée générale du 8 juin. La fédération a aussi accueilli 48 nouveaux membres.

Suite à la tenue de son assemblée générale, le mardi 8 juin, la LPEA, l'association du private equity et du venture capital, a élu dix nouveaux membres au sein de son conseil d'administration.

Dans son communiqué, l'association insiste sur le fait que deux investisseurs majeurs ont rejoint le conseil d'administration pour la première fois. Il s'agit d'Apollo Global Management, l'une des plus grandes sociétés de private equity au monde (81 milliards de dollars d'actifs sous gestion), et de la société d'investissement luxembourgeoise Luxempart.

Le conseil d'administration, qui compte désormais 30 membres, reste présidé par Claus Mansfeldt de SwanCap Investment Management. Au cours de l'année 2020, en juillet, la direction de la fédération a aussi été reprise en main par Stéphane Pesch, en tant que CEO.

Pour l'année de son 10^e anniversaire, la LPEA a aussi accueilli 48 nouveaux membres, ce qui porte son total de membres à 304.

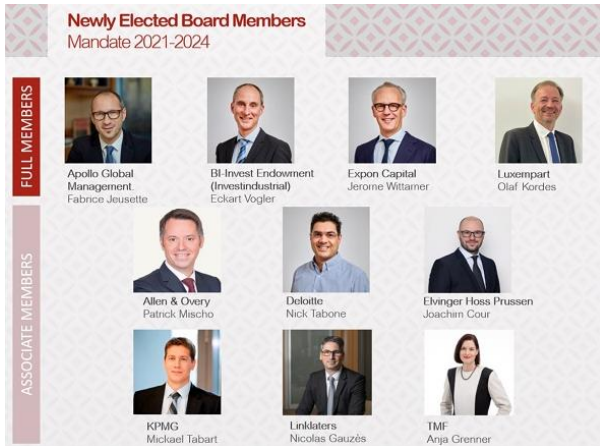
Les 10 nouveaux membres rejoignant le conseil d'administration sont:

- Apollo Global Management (Fabrice Jeusette)
- BI-Invest Endowment (Eckart Vogler)
- Expon Capital (Jerome Wittamer)
- Luxempart (Olaf Kordes)
- Allen & Overy (Patrick Mischo)
- Deloitte (Nick Tabone)
- Elvinger Hoss Prussen (Joachim Cour)
- KPMG (Mickael Tabart)
- Linklaters (Nicolas Gauzès)
- TMF (Anja Grenner)

Chronicle.lu

10 New Members Elected to LPEA Board

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- BI-Invest Endowment (Investindustrial), represented by Eckart Vogler
- Expon Capital, represented by Jerome Wittamer
- Associate Members (service providers)
- Allen & Overy, represented by Patrick Mischo
- Deloitte, represented by Nick Tabone
- Elvinger Hoss Prussen, represented by Joachim Cour
- KPMG, represented by Mickael Tabart
- Linklaters, represented by Nicolas Gauzès
- TMF, represented by Anja Grenner

Following its Annual General Meeting (AGM) held on Tuesday, the Luxembourg Private Equity & Venture Capital Association (LPEA) has announced the election of ten new members to its Board of Directors.

Serving a first mandate in the Board of the LPEA are two major investors: Apollo Global Management, one of the biggest Private Equity firms globally with \$81 billion of Assets under Management (AUM), represented by Fabrice Jeusette; and Luxempart, a leading Luxembourg investment group founded in 1988 and listed on the Luxembourg Stock Exchange (LuxSE), represented by Olaf Kordes. Both are full members of the Board.

The other eight ten newly elected members of LPEA's 30-member Board are:

Full Members (general or limited partners, family offices)

The AGM revamped the Board of the association and highlighted how the LPEA overcame a challenging 2020 vintage after having to halt many of its activities focused on physical gatherings. The LPEA was quick to innovate and adapt to digital events closing the year with 58 webinars, interviews and the launch of a much anticipated training academy focused on private equity and venture capital.

The membership of the LPEA increased by 48 members to a total of nearly 300, most of which represent fund managers and independent directors.

Stephane Pesch, CEO of the LPEA, commented: "Despite a complicated year due to the C-19 pandemic, I am very proud of the LPEA's track record, resilience, agility and efficient team work which allowed us to pursue our mission with passion and new means of communication (digitalisation)".

He also congratulated and welcome new and existing members of the Board, which elects ten new members annually for a three-year term.

INVESTMENT

Dearth of capital limits Luxembourg start-up growth

by Kate OGLESBY / 5 min. / 14.07.2021

IT+ Exclusive for subscribers

A lack of venture capital is preventing innovative start-ups in Luxembourg from growing into multi-billion dollar companies with hundreds of employees and many rarely export products outside of Europe.

The country brands itself as a hotspot for entrepreneurship, and rich government grants and coaching programmes have drawn in many companies from across the world. There are now 507 start-ups in Luxembourg, according to Luxinnovation, a government-backed promotion agency.

A few are real success stories. Talkwaker, whose software monitors companies' presence on social media and in the press, now employs more than 430 people after it was set up at the Technoport incubator in Luxembourg in 2009. Digicash, a payments company that started in 2006, is another.

But none have rapidly reached the vast size of Airbnb and Elon Musk's Space X in America - companies that everybody has heard of.

"We do have still a lot of small players but not yet what we call ... unicorns," start-up founder Alexander Trepeklis said, referring to privately held start-ups valued at more than \$1 billion.

A total of 46% of start-ups and small businesses in Luxembourg are stalling or even shrinking in size, according to the latest figures from 2019, published as part of the EU's Eurobarometer survey. The majority of start-ups have less than 50 staff, while only 5% have between 50 and 249 employees.

The OECD defines a company as having scaled up if it reaches annual turnover growth of at least 20% over the last three years.

But between 2016 and 2019, 11% of Luxembourg companies surveyed for the Eurobarometer study saw turnover decrease, 36% of companies said it remained stable, while just under 50% said it had increased.

No funds...

Trepeklis, who set up a company called Yolty that creates digital loyalty cards for small companies in 2015, said that a lack of access to venture capitalists and Luxembourg's small internal market were problematic.

Alethia Lyriotakis, who founded a company to help start-ups market themselves, agreed, saying: "Luxembourg has very strong government support, but it has certain drawbacks because you need to be able to be Luxembourg-based and there are not a lot of venture capitalists in Luxembourg."

The Luxembourg Private Equity and Venture Capital Association (LPEA) cites nine venture capital firms that are present in Luxembourg - including Expon Capital and Mangrove Capital - although that list is not exhaustive.

But even if these funds are present in the country, that does not guarantee investment for Luxembourgish start-ups. Mangrove Capital, for example, invested in around five companies in 2020, mostly outside Luxembourg, such as German software company Receive, and British company Edgify.

"The majority of venture capitalists [in Luxembourg] tend to invest out of Luxembourg," said Stephane Pesch, CEO of LPEA. Expon Capital is somewhat of an exception, Pesch said, and is

more interested in investing inside Luxembourg. It also manages the Digital Tech Fund, a Luxembourg-focused early stage fund, supporting a raft of digital companies.

Luxembourg-based companies could try to get venture capital from outside the country but this is quite hard, the industry participants said: "It is not the easiest thing from a European startup to get traction directly from a US venture capitalist [for example]," said Trepeklis. "It happens, but from all the friends I have seen, almost nobody manages to do [so]."

European companies typically prefer to grow more steadily than in the US, Trepeklis said, where a lot of entrepreneurs tend to do what is known as "blitzscaling": heavily investing in your business so that it grows as quickly as possible with the hope of becoming a market leader - an ambition that makes it more attractive for venture capitalists to invest.

...and few exports

Tepid exports from Luxembourg are also standing in the way of growth. A total of 54% start-ups and small enterprises in the Eurobarometer poll said they only operate inside the country itself, while the other half - which does export products of services - stays within the European Union.

"A lot of companies, they just have Luxembourg [as a client base] ... and nothing else," said Trepeklis. "There is definitely enough in Luxembourg to maintain a business that is sustainable ... [businesses] can just simply make enough profits and enough to pay employees."

Nevertheless, America offers a much bigger domestic market for any start-up company - and hurdles remain in exports from one EU country to the next, despite Brussels' best efforts to create one European single market.

"[Europe is] a much more fragmented market, so you have a lot of different languages, a lot of different cultures," Trepeklis said. "When you target the US [market] within one city [alone] you have millions of people with the same language. So it's much easier to grow when you are in the US, to keep growing within the US, and already reach a very big amount of customers and users before you need to start looking at the other markets."

Trend is up

But the news isn't all bad and Luxembourg's ambitions to become a start-up hub rivaling Paris or Berlin have become slightly less far-fetched over the past years. In the 2019 Eurobarometer survey, 40% of start-ups had between 10 and 49 employees. Three years earlier, that number stood at just 2%. Back then, virtually all Luxembourg start-up had fewer than 10 staff.

"I do believe it has started and we are on the right path," said Trepeklis, praising the government for "pushing the start-up ecosystem".

"I do believe that will help a lot in order to really start seeing kind of bigger players," he said. "They're trying to create an ecosystem where eventually some of these companies will grow to be leaders in the market."

GRANDE INTERVIEW

La nature du private equity est d'investir pour l'avenir



L'activité du private equity a connu un développement considérable ces dernières années. Alors que tous les signaux sont au vert, Stéphane Pesch, CEO de la LPEA, dresse un état des lieux des opportunités et enjeux liés au développement de cette classe d'actifs.

L'activité du private equity a le vent en poupe, au Luxembourg comme ailleurs. On constate un appétit considérable des investisseurs pour cette classe d'actifs qui, en raison de taux directeurs stagnant au plus bas, permet d'aller chercher du rendement.

Au niveau de la place financière luxembourgeoise, où des acteurs se sont depuis très longtemps positionnés sur ce créneau, on est désormais bien outillé pour saisir les opportunités liées au développement du private equity.

«Sur les dernières années, l'activité a considérablement évolué, avec la mise en œuvre de nouveaux véhicules et le développement d'une expertise pointue répondant aux attentes des investisseurs sophistiqués, commente Stéphane Pesch, CEO de la Luxembourg Private Equity Association (LPEA), qui fédère l'ensemble des acteurs positionnés sur ce segment, les représente et veille avec l'équipe sur leurs intérêts. Si on regarde vers l'avenir, cependant, il y a encore beaucoup à faire pour soutenir le développement de cette classe d'actifs, et renforcer la position luxembourgeoise. Les opportunités sont nombreuses, tout comme les défis à relever.»

Acteurs de la transition et de la relance

L'appétit des investisseurs est là. Ceux qui investissent dans le private equity, toutefois demeurent principalement les acteurs institutionnels, professionnels et «family offices», à même de comprendre cette classe d'actifs moins liquides, mais prêts à investir dans des jeunes pousses ou des sociétés non cotées, via des fonds fermés qui impliquent également des tickets d'entrée élevés. «Le private equity a désormais acquis ses lettres de noblesse en ayant pu démontrer sa performance et sa résilience sur le long terme», poursuit Stéphane Pesch. «Les acteurs, d'autre part, ont considérablement gagné en maturité, en se spécialisant, en faisant preuve d'une plus grande transparence et en partageant une meilleure information inhérente aux investissements sous-jacents.»

Dans une perspective de relance et de transition vers une société plus durable, les fonds private equity sont aussi appelés à jouer un rôle-clé dans le soutien à l'économie, plus particulièrement auprès des acteurs, des «pépites» qui ont des difficultés à accéder à des financements plus classiques. «Le rôle d'un acteur du private equity est d'investir dans l'optique de générer de la valeur, de la croissance», rappelle Stéphane Pesch, soulignant la nature entrepreneuriale de la démarche. «Cela peut se traduire à travers diverses stratégies, allant de l'optimisation d'une société à l'accélération de son développement, de son expansion internationale à une digitalisation poussée, mais toujours en faveur de l'économie réelle et de la création d'emplois.» Dans un monde en transition, les opportunités sont nombreuses pour les acteurs qui investissent directement dans ces entreprises, toujours plus nombreuses et qui regardent vers l'avenir.

Démocratiser le private equity

Au service de l'économie réelle, la LPEA a identifié plusieurs chantiers devant permettre l'accélération du développement de la classe d'actifs. L'un réside dans sa démocratisation. «Au regard de l'épargne en sommeil sur de nombreux comptes en banque, il y a un réel enjeu à mobiliser ces actifs pour répondre aux besoins des entreprises. Le souhait est que davantage d'investisseurs puissent accéder à ces produits», ajoute le CEO de la LPEA. «À l'heure actuelle, le ticket d'entrée s'établit souvent autour du million d'euros voire plus. Faciliter l'accès à des 'investisseurs avertis' serait déjà très intéressant et un pas dans la bonne direction. Nous étudions les différentes solutions qui permettraient un plus grand accès à ces produits.»

Investir dans la technologie et les talents

Parvenir à tirer davantage profit de la technologie constitue un autre enjeu important pour le segment du private equity. Le numérique doit notamment permettre de fluidifier l'échange d'informations entre les différents acteurs impliqués dans la chaîne de valeur, de simplifier les interactions entre ceux-ci (e.g. blockchain), d'augmenter l'efficacité du secteur (e.g. l'automatisation) voire d'offrir des possibilités de croissance démultipliées (IA).

«Un autre défi principal réside dans le développement des talents», assure Stéphane Pesch. «Nous avons besoin de têtes bien faites. C'est pourquoi nous soutenons aussi des programmes de formation au sein de la LPEA (l'académie), avons mis en œuvre une certification avec la Sacred Heart University ('PE certificate'), cherchons à développer d'autres opportunités avec diverses institutions, comme l'Université du Luxembourg par exemple. L'enjeu suit encore une fois une démarche entrepreneuriale et doit contribuer au renforcement de la place, en permettant à des champions de la nouvelle génération d'émerger depuis le Luxembourg.»

Compléter et renforcer l'écosystème

Il apparaît aussi essentiel au CEO de la LPEA de renforcer l'écosystème luxembourgeois en identifiant les éléments de la chaîne de valeur liée à l'investissement dans des structures non cotées au Luxembourg et ailleurs, quel que soit leur secteur d'activité ou leur stade de développement, et de relier celles-ci.

«Dans une telle optique, il est intéressant de créer des ponts entre les différents gestionnaires qui se positionnent sur le private equity, le venture capital, la dette, l'infrastructure, l'immobilier et encore d'autres stratégies alternatives très prometteuses. Considérer l'ensemble de ces classes d'actifs et affiner leur complémentarité devraient permettre de développer des stratégies encore plus élaborées, répondant à des objectifs de création de valeur soutenue comme le font les grandes 'maisons' internationales du private equity par exemple», commente Stéphane Pesch.

Si le private equity a considérablement gagné en maturité ces dernières années, il peut regarder l'avenir avec confiance, en constatant que les défis à relever sont toutefois nombreux, mais avec d'immenses opportunités à la clé.

CARTE BLANCHE

Technology: time to invest in how to invest



Private Equity (PE) is known for driving change in the businesses it acquires. This change often comes in the form of technology applied to portfolio companies with the objective of improving efficiency or customers' experience. But are PE and Venture Capital (VC) funds going digital themselves?

Covid-19's confinement certainly drew many to virtual meeting rooms, digital signatures and remote board meetings which may become the new normal. Yet, to some extent, face-to-face meetings are privileged in such a relational and trust-based sector as was demonstrated in the recent IPEM conference earlier this month in Paris which gathered over 3.000 participants in the first large, international PE event under "Covid Check" rules.

But what about more structural digitalisation? Are fund managers leveraging technology for the benefit of their performance? Recent surveys from IQ-EQ in partnership with The Drawdown [\[1\]](#) and from Aztec [\[2\]](#) claim they do. Technological engagement varies according to the type of business area (fund administration, accounting, investor relations, HR, compliance and reporting, ESG...) and the differences are striking.

For instance, accounting and fund management software is adopted by 65% of respondents. On the other end, only 8% use a dedicated software for waterfall distribution. There is therefore a large spectrum of practices which, combined with outsourcing, show the way towards more dedicated tools in detriment of the – not so – good and flexible Excel sheet. Tools abound out there, especially when it comes to back and middle office needs.

Things become trickier with deal sourcing, portfolio monitoring and investor relations. These remain very much considered as core functions of any PE/VC firm and require a certain standardisation which can be associated with larger players holding a strong market position.

One of the most interesting conclusions from these surveys highlights the increasing requirements from investors towards PE and the GPs. As more institutional investors gain exposure to the asset class, their need for data mimics the kind of information they are used to receive from more traditional equities. Although the asset class is fairly illiquid, it remains sensitive to overall market variables and investors like to know where their assets stand.

Next to investors, technology is mostly driven by regulation and the administrative – but necessary – burden it brings. The recent adoption of the Sustainable Finance Disclosure Regulation (SFDR) is a good example, illustrated by the diversity of ESG-related solutions coming as a response to the growing needs of managers to comply with the new rules. Technology has always been associated with innovation and disruption. The recent "Bpifrance Entreprises 1 Fund" dedicated to retail – accepting investors from €5k on – has been so successful that a second fund is on its way. Two thirds of the fund subscribers made their first investment in Private Equity thanks to the technology tool put forward by B4Finance, a company specialised in digitalising the investment process.

In 2016 EQT launched its *Motherbrain* artificial intelligence (AI) tool to support deal sourcing to EQT Ventures and later also to EQT Growth. It "supports the tracking of company life-cycles rather than deal life-cycles, ending at a fund's exit". With a proven track record, it enables "EQT to make faster and more substantiated decisions". *Motherbrain's* AI can go even further and impact the sector and the economy at a larger scale by, for instance, being able to prioritise the research of female founded start-ups, something no other human controlled tool has yet been capable of doing.

What if on top of AI we also add blockchain to PE operations? I'm eager to discover the new tools this new 21st-century ledger system will bring but it will certainly come with swiftness, transparency... and hopefully lower running costs. This is a complex world that requires dedicated advisory but as of today it requires above all inspiration and guidance. That has motivated the LPEA to focus our next Insights conference [\[3\]](#) on technology and how it is disrupting the PE/VC business model. It's no longer enough to invest in technological firms. Now is the time to invest on how to invest in the future.

[\[1\]](#) The Tech Transformation Survey (September 2021)

[\[2\]](#) Conquering Complexity

[\[3\]](#) LPEA Insights, 28th October, Luxembourg

Private Equity and Venture Capital talents wanted – The need for highly professional training solutions

01/10/2021 - 1:45PM

RELATED TOPICS



By Stephane Pesch – The private equity and venture capital industries have shown tremendous growth and have attracted lots of attention and new investors over the last years due to their inherent qualities (strong performance and returns, long term approach, focus on value creation, financing of the real economy and innovation).

Thriving sectors embed lots of upsides and allow practitioners and future practitioners to be exposed to a high pace (certainly correlated with hard work and robust initial skills), quite agile and forward-thinking industries (e.g. at the forefront of technology and other investment trends), intellectually enriching activities and experiences, varied tasks and interactions with different actors (including investors, shareholders, service providers, public authorities and specialised associations), which all make perfect sense and have a real purpose. In such a positive cycle, boosting your competences, enhancing your skills and knowledge is a must and will hugely increase the value of your profile and potentially open new opportunities in the future (hint: take your time to build your foundation and expertise), which will facilitate a successful career in PE and VC. Interesting packages, bonuses and performance-linked fees are another nice ingredient and clearly represent an additional factor of motivation, another persuasive argument to join our entrepreneurial industries as soon as possible.

In a perfect world, the downsides of thriving sectors would not really exist or be very limited. Realistically, however, an obvious threat or obstacle our favourite industries could endure in the future is exactly the lack of available, well trained, experienced and less experienced talents ready to either take a chance or make a move towards Luxembourg and its well-equipped ecosystem that offers a proven expertise (best-in-class players including General Partners, Limited Partners, family offices, services providers and pools of experts); a tremendous toolbox facilitating the launch of flexible vehicles/structures; the flair of an internationally recognised financial hub with its praised stability; and a resilient capacity to react to external events and special situations. Constant growth therefore rhymes with continuously attracting new talents, not just once a year when the best Master programs are delivering a new batch of hungry, ambitious youngsters who are looking for a first job, but also already experienced professionals interested to evolve in another firm or segment of the market, or simply to develop new experiences. We should also not forget other existing professionals who have not yet been properly exposed to PE and VC and who, thanks to either their educational background, their existing work experiences in other fields (traditional finance, engineering, industry, technology), could also make it once well trained and equipped for the battle.

These exact conclusions led the LPEA to focus its attention on existing PE/VC courses, specialised trainings (modules) and ad-hoc on-demand sessions. With our national PE/VC association hat, we decided to chip in and propose our own LPEA Training Academy in 2020, composed of different foundation, advanced and expert courses prepared by our local practitioners and dedicated to the next generation of experts (PE, VC, risk management, valuations, ESG, private debt, legal structuring, tax, and fund of funds). This endeavour became a successful and separate project, which will be proposed and updated on a yearly basis with hot topics and new speakers.

In parallel, the LPEA has also put in place some partnerships

with external, specialised training entities and interested universities eager to propose, for example, dedicated PE certificates (SHU) and even potentially complete Master programs in the near future (tbc). This is a good step in the right direction from a local perspective and it has also encouraged us to create links with foreign universities, especially around our bi-annual job fair which was created this year for the first time. In the future, we will also try to get in touch with other worldwide Tier 1 providers (education and training) and monitor new and interesting technology platforms that could simplify even further organisation, spreading of meaningful content, knowledge and training.

One last trend worth highlighting is that our industries also continue to evolve, try to enhance their agility, efficiency (AI, machine learning, blockchain) and are intrinsically obliged to look for new profiles which are not yet central or internally required. This very promising trend will surely open the door to new kinds of professionals, who will inject this expected added value. Luxembourg, for example, a highly recognised back office of investment funds and SPVs in the 1990s and 2000s, added next to those essential tasks a complete range of middle office services (risk management, valuations, compliance) due to an increased need for substance, the implementation of new regulations, directives and the launch of new business models (third party AIFM, non-bank depositaries).

This evolution is far from over since an increasing number of General Partners have set up their upgraded operations in Luxembourg with new team members who are either analysing, handling deals themselves or very close to the deal teams and key decision takers. Within our ranks, this ranges from historical local VCs to internationally recognised PE houses with their own Luxembourg AIFM, outsourced/insourced models and empowered teams able to cope with most of the tasks. Additional angles and positions should be further explored in Luxembourg and could comprise investor relations, fundraising functions, flow analytics and more deal people or investors, like the many family offices who have opted for Luxembourg over the last years.

In any case, we believe that the provision of recognised, recurring and specialised training will facilitate the further development and evolution of our PE and VC industries and increase the overall attractiveness of the ecosystem. The entire sector needs to prepare and be ready for the upcoming challenges and opportunities of the future and developing talents will clearly be one of the solutions.

LPEA

Technology set to disrupt Private Equity



Earlier this year, when we first started discussing the key topics which would feature in our October 28th Insights conference, we looked at several leading trends.

One we explored with our conference “godmother” Rajaa Mekouar, was how investors, notably family offices, were increasing their exposure to venture capital (VC) and technology-related deals. In parallel, we had seen increasing numbers of new technology tools made available and being used by fund managers. It was a small step from sharing those insights to gaining a bigger picture on how technology can disrupt the private equity (PE) and VC business.

But can we really talk of technology “disrupting” the asset class? John Holloway, former Director of Investments with the European Investment Fund, and now a senior industry advisor, says “VC has always been closely associated with the disruption of existing models and finding new ways to do things better”.

And the new model seems to be there already. Not only are there many tools supporting fund management back and middle offices, but we now also see it coming into the front office, taking an active role in deal scouting and making investments. Antoine Servais, GP Director of EQT Fund Management, will be on stage showcasing how their proprietary “Motherbrain” tool is already doing this using Artificial Intelligence (AI). He will seek to answer the question “how long until we have a fund fully managed by AI - from sourcing the portfolio companies through investment agreements negotiation, booking, reporting etc?”. Michael Jackson, venture capitalist, will get to the nub of the question: “tech mutation is moving towards an analytical based approach to a sector, rather than random sourcing and drinking coffee”.

Such scenarios may not be envisaged by all conference speakers. Olaf Kordes, Managing Director of Luxempart, believes that PE is still a very “relationship-based business”. Nevertheless, he recognises that “the amount of data is ever-growing and needs to be treated efficiently to serve the business’ purposes. Investment firms that do not automate reporting nor communication to investors will not exist for much longer”.

Rajaa Mekouar also sees technology as a means to “speed up and simplify parts of the investment chain” but not as the key element of “creating long term value that protects our livelihoods”. She recognises however that it remains a “formidable opportunity to invest in disruptive companies”.

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The investment opportunity is there and is valued at USD 30 trillion for AI impact alone. Nicolai Wadstrom, a seasoned Silicon Valley investor and CEO of Bootstrap Labs, highlights that “AI is the engine of the 4th industrial revolution. He notes that we are just at the beginning of one of the biggest disruptions and wealth creation opportunities” with estimates saying this is set to reach USD 30 trillion by 2037. “It is not a matter of which industry will be impacted, it is a question of when,” he says.

Adding to the AI challenge are both the new layer of decentralised finance (DeFi) and the new asset class of digital tokens. It is possible that the conference will raise more questions than answers about these topics, which in itself will be inspirational. Junhaeng Lee, CEO and Co-Founder of Gopax, a South Korean digital assets exchange, is confident that “blockchain is going mainstream and the investment opportunities go beyond any of the previous tech waves”. This will happen in particular in the investment space with “increased competitive pressure in deal sourcing” and “retail participation” plus “early-stage deals will be more and more available to the public”.

This sector, which is currently based and driven by human endeavour, contacts and trust relationships, will need to catch up with technology. According to Jean Diederich, Chairman of APSI and an expert in European regulation, “PE investors must be more and more digitally literate to be able to implement robotic process automation (RPA), machine learning (ML) and the internet of things (IoT) across their portfolio companies. Digital experts will also oversee ways in which technology is disrupting their portfolio companies, assess their cybersecurity strategy, and evaluate exposure in data-driven technologies in order to advise on the best investments”.

It’s nonetheless important that the sector does not lose its human touch. Impact investments by VCs are a strong sign that PE and VC can be a tool to change the world and society. Jerome Wittamer, co-founder of Expon Capital, a Luxembourg-based VC with multiple exits in recent months, “has successfully proved that you can make VC market returns and have a positive impact at the same time. You don’t have to trade one for the other”.

With all of the above in prospect, we should expect lively debate next week.



Calling Local Startups: Apply To Join LPEA's 'Startup Funding Track' Workshop

22 Oct 2021 / Jaclyn Majarich / 0 Comments

Funding, Investors, Latest News, VC



Luxembourg Private Equity and Venture Capital Association (LPEA) has launched a new initiative called 'Startup Funding Track', which opens up the opportunity for selected startups to hear from and network closely with Venture Capitalists and Business Angels operating in Luxembourg.

About the Startup Funding Track workshop

On October 28th, LPEA is hosting a 4-hour workshop designed to help startups who want to excel in their fundraising process. There will be presentations from investors and entrepreneurs on the pitfalls of venture funding, the challenges of scaling up and how to fundraise your next round.

This session is taking place in parallel with the LPEA Insights Conference to enhance networking between attending investors and startups.

Luis Galveias, Chief Operating Officer at LPEA, says "The goal of the workshop is to incentivise the dialogue but also to support founders who have already fundraised to gain insights on how to be better prepared in their next rounds of funding."

Guests Lecturers and topics

- Think exponentially by Alain Rodermann, Expon Capital
- Deciphering a Venture Capital Investor by Pascal Bouvier, Middle Game Ventures
- Drinking from a hose: What it is like to start and run a successful startup by Yannick Oswald, Mangrove
- How to grow without venture funding by Patrick Kersten, Entrepreneur; (Doctena, atHome, MediNation, Vesperia)
- How to engage with Business Angels by Romain Hoffmann, LBAN Board Member and lead on Investment Committee
- The power of network and communities by Alex Panican, LHoFT
- How to successfully build and scale proprietary technology, products, teams and operations by Nicolai Wadstrom, Bootstrap Labs

Who should join

The workshop is targeted to startup founders who have previously fundraised from Business Angels or Venture Capital funds and are preparing the next fundraising round. To enhance the interaction during the workshop, the session is limited to 12 startups and only one founder per company. For selected startups, participation is free.

Why startups should attend

Participating startups will get a lot of value out of this workshop, from gaining insights into what investors look for when investing in startups, to networking face-to-face with Luxembourg-based investors, plus, access to the morning session & networking lunch of the LPEA Insights Conference. "We know that startups meet investors very occasionally, while VCs meet startups on a daily basis and this creates a certain barrier of information. We want to help close this gap," says Galveias.

How to get involved

If your startup is interested in participating, fill out the application form [here](#). Your application will be reviewed by the LPEA team, and they will come back to you with a confirmation of participation before October 20th.

Workshop details

- Date: Thursday, October 28, 2021
- Time: 1.30PM-5.15PM (for the workshop) but participants can attend the LPEA Insights Conference, full agenda [here](#)
- Location: In-person at Parc Hotel Alvisse in the outskirts of Luxembourg City.

LPEA Insight 2021 (Luxembourg Private Equity & Venture Capital Association)

Navigating disruption

Technology disruption has been at the heart of the LPEA Insights conference, which aimed to shine a light on the ground-breaking potential of digitalisation. The conference took place on the 28th of October and gathered more than 300 participants to assess industry trends.

The big disruptor

Setting the tone for the tech deep dive to come, David Wright from the Systematic Active Equity Team at BlackRock stated that private companies increasingly interact with the digital world, generating huge amount of information from their customers and their activity. This process brings forward significant opportunities to blend a systematic data driven approach alongside an in depth analysis of growth opportunities. EQT GP Director Antoine Servais then took the floor showcasing Motherbrain, a system using Big Data and Machine Learning to browse the extensive startup ecosystem in search of new potential unicorns.

On the subject of data governance, Pierre Marie Nowaczyk, Strategic Relationship Manager at Blackrock emphasised that digitalization is not yet complete but the market is clearly evolving towards data transformation. Tomorrow's leader will be the one embracing datification, establi-



shing data standards with their partners - be it as an asset owner or an asset manager - and working on common and collaborative platforms. Beyond operation, the finance industry should also look at other sectors for inspiration.

According to Theresa Condor, COO at Spire - a global data analytics company leveraging its proprietary satellite tools - technologies coming out of the space industry are going to start being used by organisation across an entire range of areas. Just about every company, going into the future will use space. It is therefore important to keep an eye out for sec-

tor trends and appreciate how they are going to shape everyone's life.

Test cases and assessments

The decentralised finance (DeFi) & Blockchain panel provided insights on how LPs and GPs will be impacted by emerging technologies. Kicking off the discussion, Maya Zehavi, crypto investor at Daneel capital said "we have seen the crypto-market react to the current macroeconomic situation, characterised by Covid and a low yield environment. We have therefore seen a lot of crypto players develop DeFi into more mature products offe-

ring very competitive annual yields (12%) on the dollar and other tokens - rendering them more attractive to conservative investors that until now, looked at crypto from the side line".

According to Pascal Bouvier, Managing Partner & Co-Founder at MiddleGame Ventures, the most promising innovation emerging from these new asset classes might allow the financial service industry to become a little more decentralised. Adoption of blockchain, cryptography and public and private keys will optimise transaction throughput and reduce costs - a promising factor for the future of financial services.

Humouring the attendees, Michael Jackson, a prominent venture capitalist stated "to not worry if you do not understand the complexity of the ecosystem. It is complex for a reason. It has been developed during the past ten years by a 24h/day work force of computer scientists, working in an open source fashion. One simply cannot keep up with the evolution and it is nothing to be embarrassed about."

Industry trends

Former PE Investments Director at the EIF, John Holloway showcased the rising exposure of LPs to Venture Capital with an Invest Europe figure: 18% of all the funding raised for Venture Capital came from family offices in 2020. A few years ago, the

figure was zero. The entrance of family offices' fund into this business has had a substantial effects on fundraising.

Olaf Kordes, Managing Director at Luxempart added "entrepreneurs tend to seek guidance and find family office investments attractive. Those families are themselves entrepreneurs and keen to share their know-how". Another emerging trend has been the democratisation or private assets. Gorka Gonzalez, Responsible for Retail Activity at Bpifrance said that in the coming 10 years access to this asset class will be facilitated through on line platforms and, at a later stage, through banking/insurance channels inviting individuals to invest smaller tickets in PE. For Zoe Peden, Principal at Ananda Impact Ventures, impact investment is now mainstream. The volume of money coming in and returns are both at an all-time high. Now is the time to invest in impact.

Nicolai Wadstrom, CEO and Founder of BootstrapLabs, concluded the conference by stating that "AI is the engine of the 4th industrial revolution. We are just in the beginning of one of the biggest disruptions and wealth creation opportunities - by many estimated to amount to USD 30 trillion by 2037. It is not a matter of which industry will be impacted, it is a question of when."

Luis GALVEIAS & Johann HERZ, LPEA

Private Equity's "family" picture

By Luís GALVEIAS, COO of LPEA

Earlier this year the Luxembourg Private Equity and Venture Capital Association (LPEA) completed one of its regular analytical missions: take a "picture" of the Fund managers based in Luxembourg. Not a real photo you can frame, but one which helps to better understand how they operate and perceive Luxembourg as a jurisdiction. This exercise is conducted every two years but, due to a very disruptive 2020 year, the latest edition resumed in 2021.

The survey, designed by LPEA's Market Intelligence Committee slightly adapted from previous editions – the first edition going back to 2011 – collected answers from 50 Fund managers operating out of Luxembourg and was now released in November 2021 with interesting results. If one key message can be taken out of the survey results is: consolidation. Luxembourg comes out reinforced as an Alternative Funds location with both Alternative Investment Funds and Alternative Investment Fund Managers increasingly located in Luxembourg.

This also translates into an increased Luxembourg substance and robust operations with Fund Managers reporting an increase of highly qualified staff to an average of 10 Full Time a number which reaches 14 FTEs for Funds above one billion Euros.

But let us deep-dive in the "picture" starting with the investment strategy.



Nearly half of the respondents are managing Buyout Funds and it is also very common that they only operate a single investment strategy. However, if we were to consolidate all answers, Buyout represents 28% of Assets under Management (AuM) next to Fund of Private Equity Funds, Debt funds and Venture Capital representing 20% each, with the remaining AuM allocated to Infrastructure.

The size of managed Funds evolved over time and we observe today an increase of smaller funds (up to 100 Million) as well as of larger managers expanding their AuM above the EUR 5 billion mark. Nonetheless, the market is fairly split with half of AuM falling under EUR 1 billion and the other half anywhere above. We also observe that Fund Managers managing a large number of AIFs are decreasing with 85% of respondents managing only up to 10 AIFs.

Luxembourg disposes of a flexible legal "toolbox" and the latest improvements to it – notably the RAIF and the Limited Partnerships – paid off. One in every two Alternative Investment Funds are setup either as RAIF (30%) or Limited Partnership (SCSp; 23%). Corporate vehicles (eg. SCS, S.A., S.à.r.l.) and SIF structures remain relevant but represent only one third of the market.

Following the year-on-year growth of alternative assets globally and in Luxembourg, finding qualified employees is now on top of the Fund Managers' concerns and it is fairly accepted that this is a challenge with no quick solution – training programmes such as the one put forward by LPEA are quite useful but cannot "feed" the candidates with the needed hands-on experience right away.

Other issues such as regulatory requirements or the reputation of the Luxembourg hub are also high in the agenda but practitioners are more optimistic in the country's capacity to address these.

Environment Social Governance (ESG)-related questions were added to this year's survey and confirmed that ESG is a key topic today for 83% of managers' future investments and will translate into adding additional non-financial reporting linked to ESG.

The report, available on the LPEA's website with more in-depth details, is a useful tool to keep track of how Luxembourg evolves over time and innovates and adapts to the global trends and challenges.

LPEA • THE LUXEMBOURG PRIVATE EQUITY AND VENTURE CAPITAL ASSOCIATION



Claus Mansfeldt

LPEA represents, promotes and protects the interests of our members and of the Luxembourg Private Equity and Venture Capital industries.

- The Luxembourg Private Equity and Venture Capital Association (LPEA) is the **representative body** of private equity and venture capital practitioners with a presence in Luxembourg.
- Created in 2010 and composed of 308 members - as of 21/09/2021, LPEA promotes PE and VC in Luxembourg.
- **International** by nature, the association allows members to network, exchange knowledge, and grow professionally attending workshops and trainings.
- LPEA is a member of Invest Europe and Luxembourg For Finance.

MISSION

1. Represent and promote the interest of Private Equity and Venture Capital players based in Luxembourg and abroad.
2. Support the government and private initiatives to enhance the attractiveness of Luxembourg as an international hub for carrying out PE business and/or servicing the PE/VC industry in all its dimensions.
3. Go-to platform where PE practitioners can share knowledge, network and get updated on the latest trends of the industry across the value chain.

The nature of private equity is to invest for the future

The private equity business has grown considerably in recent years. While all signals are green, Stéphane Pesch, CEO of LPEA, takes stock of the opportunities and challenges linked to the development of this asset class.

The private equity business is booming, in Luxembourg and elsewhere. There is a considerable appetite among investors for this asset class



Stéphane Pesch

Stéphane Pesch, CEO LPEA
Claus Mansfeldt, President LPEA

which - with key interest rates stagnating at their lowest - allows them to seek returns.

In the Luxembourg financial market, where players have long been positioned in this niche, we are now well equipped to seize the opportunities linked to the development of private equity.

"The role of a private equity player is to invest with a view to generating value and growth."

Stéphane Pesch, CEO of LPEA

Over the last few years, the activity has evolved considerably, with the implementation of new vehicles and the development of cutting-edge expertise that meets the expectations of sophisticated investors," comments Stéphane Pesch, CEO of the Luxembourg Private Equity Association (LPEA), which federates players positioned in this segment, represents them and watches over their interests. Looking ahead, however, there is still a lot to be done to support the development of this asset class and strengthen Luxembourg's position. The opportunities are numerous, as are the challenges."

Actors in the transition and recovery

The appetite of investors is there. Those who invest in private equity, however, remain mainly institutional players, professionals and family offices, able to understand this less liquid asset class, but ready to invest in start-ups or unlisted companies, via closed-end funds, involving high entry tickets. "Private equity has now acquired its credentials by having demonstrated its performance and resilience over the long term," says Stéphane. "The players, on the other hand, have considerably gained in maturity, by specializing, demonstrating greater transparency and sharing better information inherent to the underlying investments."

In a perspective of recovery and transition to a more sustainable society, private equity funds are also called upon to play a key role in supporting the economy, especially for "Jems" businesses that have difficulties in accessing more traditional financing. "The role of a private equity entity is to invest with a view to generating value and growth," he says, emphasizing the entrepreneur-



rial nature of the approach. "This can be translated through various strategies, from optimizing a company to accelerating its development, from international expansion to advanced digitalization, but always in favor of the real economy and job creation." In a world in transition, there are many opportunities for players who invest directly in these ever-growing companies that are looking to the future.

Democratizing private equity

In the service of the real economy, the LPEA has identified a number of projects that should accelerate the development of the asset class. One of them is to democratize it. "In view of the dormant savings in many bank accounts, there is a real challenge to mobilize these assets to meet the needs of companies. The hope is that more investors will be able to access these products," adds the CEO of LPEA. "At present, the entry ticket is often around one million euros or more. It would be very interesting and a step in the right direction to facilitate access for 'sophisticated investors'. We are looking at different solutions that would allow greater access to these products." ■