

Risk Management Symposium



29-30 November 2017

Oxford



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Please note the conference is held under Chatham House Rule.

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Introduction

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

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

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

Tim Jenkinson

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

Thomas Meyer

Conducting Officer, MJ Hudson, Luxembourg

Flexible and competitive financing for private equity portfolios

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“The market has thrived on innovation. 17Capital is pushing hard developing financing options for private equity.”

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Pioneered strategy in 2008 with PE funds backed by blue-chip investors

BESPOKE FINANCING BENEFITTING ALL TYPES OF INVESTORS IN PRIVATE EQUITY

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Capital for follow-on and new investments

GP financing

Capital to refinance team's commitments

Liquidity for LPs

Accelerated liquidity for buyout fund's investors

Pre-symposium reception

Wednesday 29 November

18:30-19:00

Registration and drinks reception

19:00-19:10

Welcome and introduction

Tim Jenkinson, Professor of Finance and Director, Private Equity Institute, Saïd Business School, with introduction to the evening by Thomas Meyer, Conducting Officer, MJ Hudson, Luxembourg

19:10-20:00

Pre-dinner presentation: Simple strategies for a complex world
Florian Artinger, Max Planck Institute for Human Development

20:00-22:00

Networking dinner, sponsored by LDS Partners and 17Capital



Your partner in AIF investment programme management

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.

For more information see:

www.ldspartners.com
contact@ldspartners.com

Symposium

Thursday 30 November

08:30-9:30	Registration and welcome coffee
09:00-9:15	Welcome and introduction Thomas Meyer, Conducting Officer, MJ Hudson, Luxembourg
09:15-10:00	Presentation: Decision-making biases in VC/PE and how to address them Patrick Sheehan, Managing Partner, ETF Partners
10:00-10:45	Presentation: The pay-off method for real option valuation of illiquid assets Mikael Collan, Lappeenranta University of Technology
10:45-11:15	Coffee break
11:15-12:00	Presentation: An options-theoretic approach to risk management for private equity Andrew Freeman, Chief Risk Officer, Ardian
12:00-13:00	Lunch
13:00-13:45	In conversation: The importance of stress testing for private equity risk management Didier Guennoc, Managing Partner, LDS Partners in conversation with • Juan Montalvo Bressi, Senior Risk Officer, Ardian
13:45-14:30	Panel Discussion: The art of cash flow risk management Moderator: Elias Korosis, Partner, Hermes GPE Panellists: • Haakon Blakstad, Partner, Validus Risk Management • Augustin Duhamel, Managing Partner, 17Capital • Philippe Jost, Senior Vice President, Capital Dynamics • Julian Mash, Founder & CEO, Vision Capital
14:30-15:00	Presentation: Applying Artificial Intelligence to Fund Cash-Flow Forecasting Thomas Meyer, Conducting Officer, MJ Hudson, Luxembourg
15:00-15:30	Wrap-up: Conclusions and the way forward Tim Jenkinson, Professor of Finance, Saïd Business School, University of Oxford
15:30	Networking reception

Biographies

Florian Artinger

Dr Florian Artinger is a behavioural scientist and educator. He is currently a research scientist at the Max Planck Institute for Human Development as well as founder and partner of Simply Rational - The Institute for Decision, a spin-off of the Max Planck Institute for Human Development. He has trained managers in the arts and science of effective decision making given an uncertain world. His work has been funded by among others the Leverhulme Trust and the Volkswagen Foundation and he has received awards from the Academy of Management and the Jungius Foundation. Prior to his current roles he worked as a post doc at Warwick Business School and held visiting positions at the University of Oxford and the University of Chicago. Florian holds a PhD in Economics from the Technical University Berlin.



Haakon Blakstad

Haakon Blakstad is a Partner at Validus Risk Management, a leading independent advisor and manager of market risks for fund managers and investors in alternative investments. Haakon started his career at Visa, the global leader in payments technology, where he worked on developing and executing commercial growth strategies in Europe. He subsequently spent a number of years in capital markets trading structured credit for Hoare Capital and Société Générale, during which time he gained valuable risk management experience - particularly during the financial crisis. Throughout his career he has built strong relationships with institutional investors and fund managers globally, both as a trading counterparty and as an advisor. Since joining Validus in 2014, Haakon has been instrumental in the design and delivery of currency risk management solutions to a range of GPs and LPs with several hundred billion dollars in combined AUM.



Mikael Collan

Dr Mikael Collan is Professor of Strategic Finance at Lappeenranta University of Technology in Finland. His research concentrates generally on asset valuation under uncertainty and on business decision-making systems and more specifically on real option analysis and application of fuzzy logic in management decision-making problems. Mikael is the president of the Finnish Operations Research Society (FORS) and an ordinary member of the Finnish Society of Sciences and Letters, one of the Finnish Academies of science.



Augustin Duhamel

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



17Capital is a leading global private equity specialist. The firm pioneered a dedicated strategy in 2008, offering bespoke financing for private equity investors. Private equity investors, including General and Limited Partners, can raise capital to make further investments or generate liquidity to actively manage private equity exposure. Clients benefit from a flexible and competitive source of capital. 17Capital has completed over 35 transactions globally, and has an international team of 24 professionals in London and New York.

Andrew Freeman

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



Didier Guennoc

Didier Guennoc is Managing Partner at LDS Partners. His areas of expertise are evaluations and modelling of investors' portfolios, investor relations and ad-hoc research for limited partners and private equity houses. He has over 15 years of private equity experience.



Didier was also the Secretary to the International Private Equity and Venture Capital Valuation Guidelines Board (IPEV) from 2005 until 2015, and advised EVCA, the European Private Equity and Venture Capital Association on AIFMD, Basel II & III and Solvency II.

He started his career at Xerfi, the leading French market research company, and in 1999 he joined EVCA to found both the research and the public affairs departments.

Didier has also acted as a member of the advisory board of the Centre for Entrepreneurial and Financial Studies (Technische Universität München) and of the private equity subcommittee of the Chartered Alternative Investment Analyst® Program.

Didier holds a PhD in Business Administration from the University Robert Schuman, Strasbourg.

Tim Jenkinson

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

Tim is Director of the Private Equity Institute, University of Oxford and is one of the founders of the Private Equity Research Consortium.

Tim is a renowned teacher and presenter, and teaches executive courses on private equity, entrepreneurial finance, and valuation.

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

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



Philippe Jost

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



Elias Korosis

Elias Korosis is a Partner at Hermes GPE and is responsible for overseeing their innovation-led growth investing as well as their investment strategy function, which includes global markets research, portfolio construction and exploring new areas in private markets. He is the portfolio manager of the Hermes GPE Environmental Innovation Fund, a specialist growth equity/venture capital fund focused on sustainable growth. He joined Hermes GPE in 2011 and is a member of the Hermes GPE Investment and Management Committees. Previously Elias was a Manager in research functions at Bridgewater Associates and held several roles with Citigroup CIB initially with Schroder Salomon Smith Barney's M&A team. Elias is an executive education alum of Oxford University's Saïd Business School (CIPEI), holds an MSc in European Political Economy from the LSE and a BSc in Economics and International Studies from the University of Warwick. Elias is a member of the 25th cohort of the Programme for Leadership Development (PLD) at Harvard Business School



Julian Mash

Julian Mash is the Founder of Vision Capital, the international investment group. The firm is an active owner of portfolio companies with combined sales in excess of \$3.5bn and over 20,000 employees around the world and has recently launched its Principal Finance business to provide flexible cost efficient financing mainly to private equity investors.

He graduated from the University of Cambridge with an MA in Economics. Julian is a trustee of the Orchestra of the Age of Enlightenment and serves on the Development Board of St John's College, Cambridge.



Thomas Meyer

Thomas Meyer is the conducting officer for portfolio management at MJ Hudson in Luxembourg. He co-founded LDS Partners, specialising in the development of investment strategies, portfolio management, cash-flow forecasting and asset allocation models for real assets (private equity, infrastructure, real estate).



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

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

Juan Montalvo Bressi

Juan Montalvo Bressi is a Senior Risk Officer at Ardian, an independent private investment house with assets managed or advised in Europe, North America and Asia. The risk function in Ardian oversees key risks across the corporate business and contributes to the risk management of the investment activities. Among other things, he leads the quantitative aspects of the risk programmes, notably stress testing and risk indicators.



Juan has over 10 years of professional experience on diverse Risk Management topics within different companies such as McKinsey & Company, Repsol and Management Solutions. Juan is an Actuary (Universidad de Buenos Aires), has an MBA from INSEAD Business School and holds the Financial Risk Manager (FRM) designation by the Global Association of Risk Professionals (GARP). He is based in London and previously also worked in Madrid and Buenos Aires, with reach across Latin America.

Patrick Sheehan

Patrick Sheehan is a founder and Managing Partner of ETF Partners. He represents the firm on the Boards of Metalysis, Telensa, Wirepas and E-Leather. Patrick has worked in venture capital since 1985, when he joined 3i. He was instrumental in founding 3i's venture capital practice, and later became the founding Managing Director of its Silicon Valley operation. Before this he was a research engineer for GEC and technical consultant for Marconi Space Systems.



Patrick was a member of the Executive Committee and Board of EVCA from 2007 to 2010, during which time he also chaired the Venture Capital Committee. After that he then established and chaired their Environmental Task Force.

Patrick has a PhD in Electronic Engineering from UCL, London.

Participants

Name		Affiliation				
Florian	Artinger	Max Planck Institute for Human Development	Martin	Kodar	BaltCap	
Neroli	Austin	University of Oxford	Elias	Korosis	Hermes GPE	
Fernando	Barbi	QGRL AG	Stephan	Lanz	Citigroup	
Maria	Basler	Egon Zehnder	Kevin	Lester	Validus Risk Management	
Marc	Battenfeld	Capvis	Peter	Lewinski	University of Oxford	
Alessandro	Bianchi	IFM	Qian	Li	University of Oxford	
Haakon	Blakstad	Validus Risk Management	Fokke	Lucas	17Capital	
Laurent	Braun	European Investment Fund	Christian	Mankiewicz	Hermes GPE	
William	Buchan	CDC Group	Anne-Laure	Martinez	EQT	
Ross	Butler	Ten50 Advisers	Julian	Mash	Vision Capital	
Giulia	Campagnoli	Inter Fund Management	Thomas	Meyer	LDS Partners	
Johan	Cassel	University of Oxford	Alexander	Montag	University of Oxford	
Sarah	Clarke	Ffs	Juan	Montalvo Bressi	Ardian	
Mikael	Collan	Lappeenranta University of Technology	Philippe	Moschetta	Al Muhaidib	
Bingcun	Dai	University of Oxford	Cornelius	Mueller	Invest Europe	
Philippe	Defrey	LDS Partners	David	Mullock	EBRD	
Justina	Deveikyte	Cerullic Associates Europe Ltd	Carlo	Panzeri	JP Morgan	
Salma	Dib	Alyafi Group	Ludovic	Phalippou	University of Oxford	
Tamer	Dilaver	Robeco	Gareth	Rees	Validus Risk Management	
Louis	Douville de Franssu	CDC Group	Mihaela	Rodean	European Investment Fund	
Christian	Drake	Paribus Capital GmbH	Taylor	Ruan	CDC Group	
Augustin	Duhamel	17Capital	Massimiliano	Saccone	XTAL Strategies	
Bart	Elema	Waterland Private Equity Investments	Erin	Sarret	Augentius	
Alexandre	Falin	Unigestion SA	Patrick	Sheehan	ETF Partners	
Farah	Fatha	Alyafi Group	Sharad	Shrivastava	MERCER	
Andrew	Freeman	Ardian	Anna	Stepashova	University of Oxford	
Beata	Gafka	University of Oxford	Michael	Suchanecki	DB Private Equity	
Andriana	Goudis	Validus Risk Management	Jun	Tanaka	Waterland Private Equity Investments	
Didier	Guennoc	LDS Partners	Massimiliano	Terzi	EBRD	
Remco	Haaxman	Coller Capital	Dimitrios	Tsomocos	University of Oxford	
Michiel	Hagedoorn	APG Asset Management	Arnaud	Vanbellingen	European Investment Fund	
Marko	Häikiö	Finnish Industry Investment	Sev	Vettivetpillai	The Abraaj Group	
Johan	Haneveer	Waterland Private Equity Investments	Daniel	Woodrow	Infospectrum Ltd	
Wouter	Heberle	Robeco	Efthymios	Yfantis	Infospectrum Ltd	
Tom	Hillman	Hermes GPE				
Joerg	Hoeller	DB Private Equity GmbH				
Reto	Hug	UBS Asset Management				
Owen	James	17Capital				
Tim	Jenkinson	University of Oxford				
Dunhong	Jin	University of Oxford				
Philippe	Jost	Capital Dynamics				

Executive Finance Programmes

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

Oxford Private Equity Programme

25–29 June 2018 £7,000

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

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

www.sbs.oxford.edu/pe

Oxford Chicago Valuation Programme

11–15 June 2018, Oxford £7,000

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

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

www.oxfordchicagovaluation.com

Oxford Real Estate Programme

16–20 April 2018 £7,000

The heart of this 5-day programme is the application of research-based knowledge to advance strategic thinking in modern real estate enterprises. Participants benefit from a series of challenges about the way their firms operate in order to:

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

www.sbs.oxford.edu/orep

Contact us

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



Private Equity Institute

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

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

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

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

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

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

Saïd Business School

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