

LPEA – a decade of PE/VC in Luxembourg and a glimpse into a bright future



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Agenda for today

- What is PE?
- The worldwide PE trend
- The Luxembourg toolbox and recent key events
- Luxembourg statistics – Funds and structures
- Luxembourg statistics – Job vacancies
- Luxembourg's leading position
- LPEA at a glance
- Some of LPEA's partners
- PE & VC in Luxembourg
- The LPEA update – Leadership
- The LPEA update – Public advocacy
- The LPEA update – Thought leadership
- The LPEA update – Talent attraction

What is PE?

Key distinguishing features :

- closed-ended funds/structures
- long-term investment scope (10 years)
- historically institutional and professional investors, increasing family offices and HNWI, no retail investors yet
- focus on value creation (target companies)
- strong and stable returns

What is Private Equity (“PE”)?

PE consists in buying businesses and then, after steering them through a transition of rapid performance improvement, selling them. That strategy embodies a combination of business (entrepreneurial) and investment-portfolio management, is at the core of PE’s success.

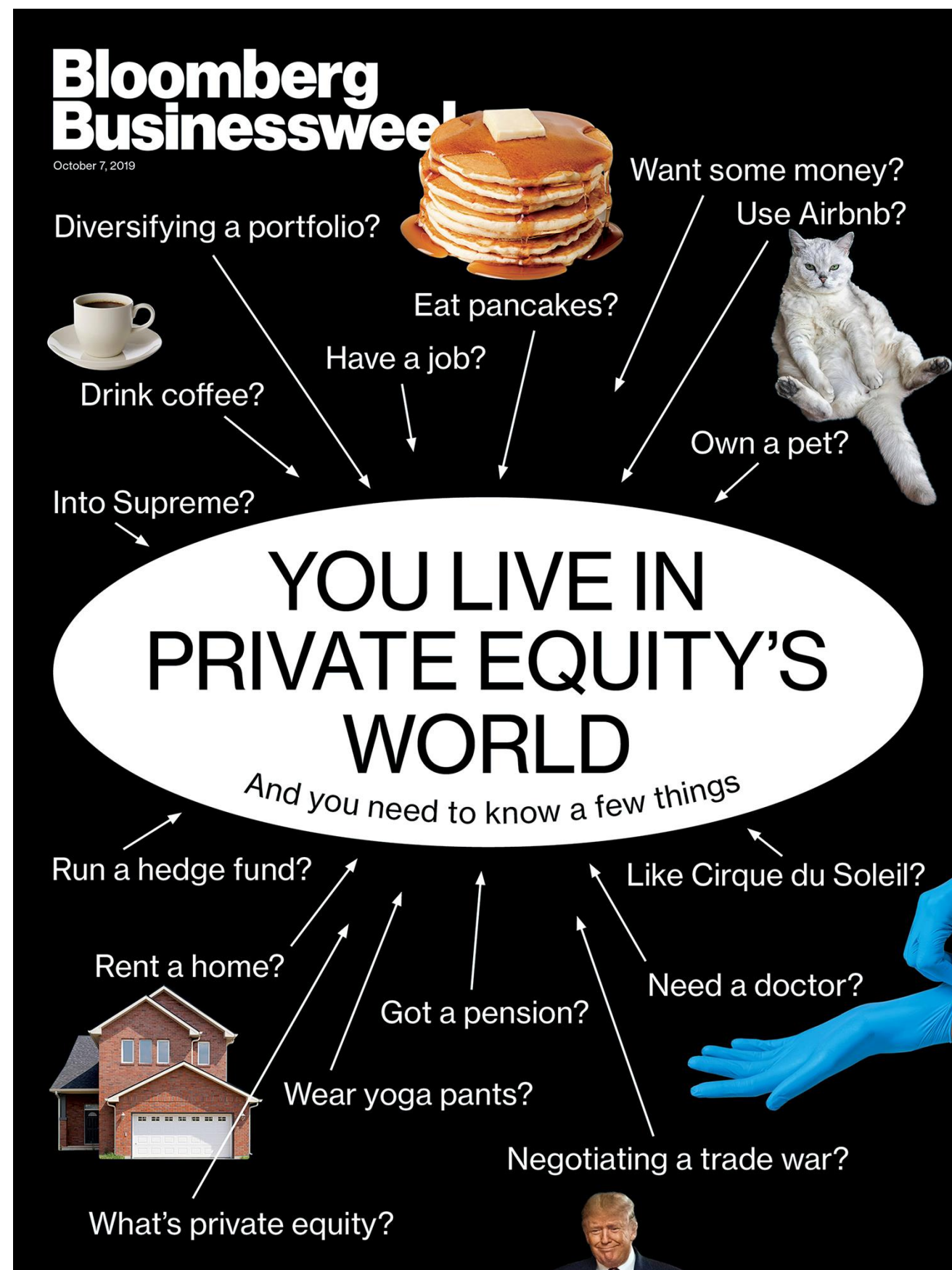
Harvard Business Review

Private equity (PE) is a major subset of a larger, more complex piece of the financial landscape known as the “private markets”. PE is a form of financing where money, or capital, is invested into non listed companies. Typically, PE investments are made into mature businesses in traditional industries in exchange for equity, or ownership stake.

PE firms invest in businesses with a goal of increasing their value over time before selling the company at a profit. PE firms use capital raised from Limited Partners (LPs) to invest in promising private companies.

Pitchbook

The worldwide PE trend



PE managers “won” the financial crisis

A decade since the world economy almost came apart, big banks are more heavily regulated and scrutinized. Hedge funds, which live on the volatility central banks have worked so hard to quash, have mostly lost their flair.

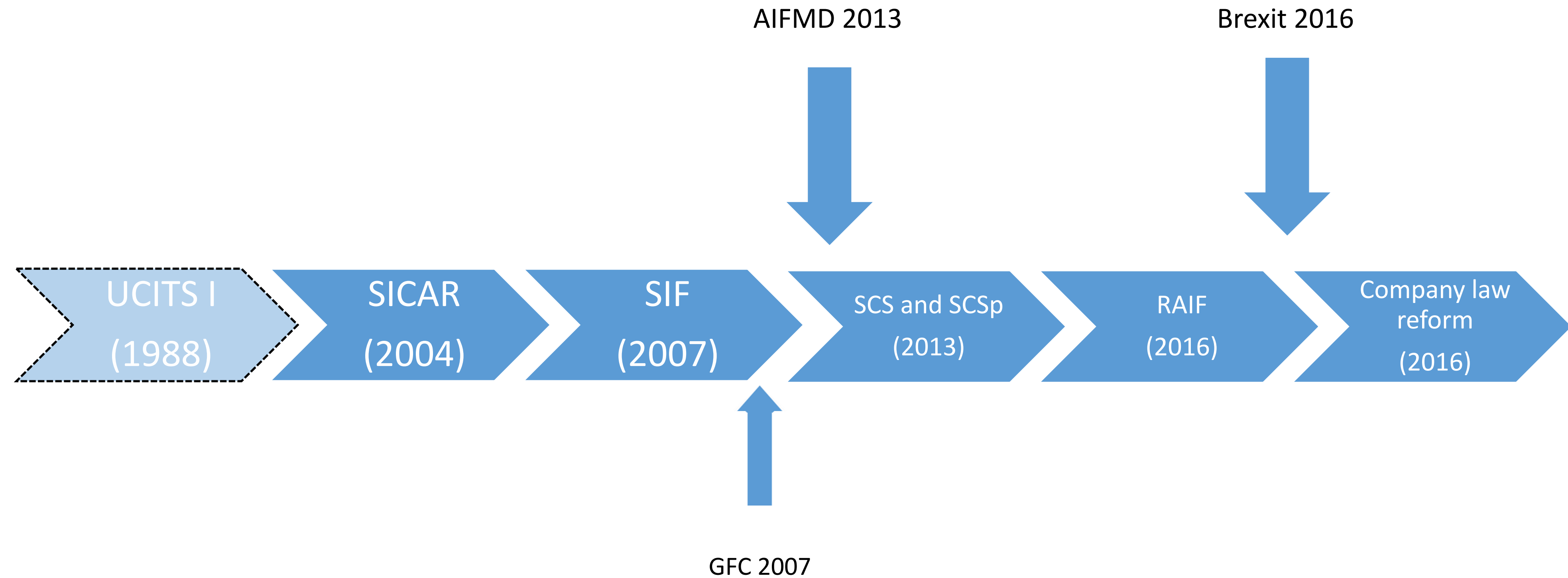
But the firms once known as leveraged buyout shops are thriving. Almost everything that’s happened since 2008 has tilted in their favor”

Bloomberg

Typical PE strategies:

- Buyout
- Growth
- Distressed situations
- Private debt
- FoPEF
- Infrastructure
- ...

The Luxembourg toolbox and recent key events



Luxembourg statistics

- roughly €500 billion of AuM (*)
- Top 20 global Private Equity firms with funds or other related operations in Luxembourg
- 6.000 active professionals (*)

(*) estimates based on certain methodologies

Funds and structures

As a reminder Luxembourg's investment funds sector represents:

- EUR 4,696 trillion (all regulated Funds), with 3.649 structures and 13.389 sub-funds
- 1.447 SIFs (EUR 597 billion) & 234 SICARs (EUR 54 billion)

CSSF – September 2020

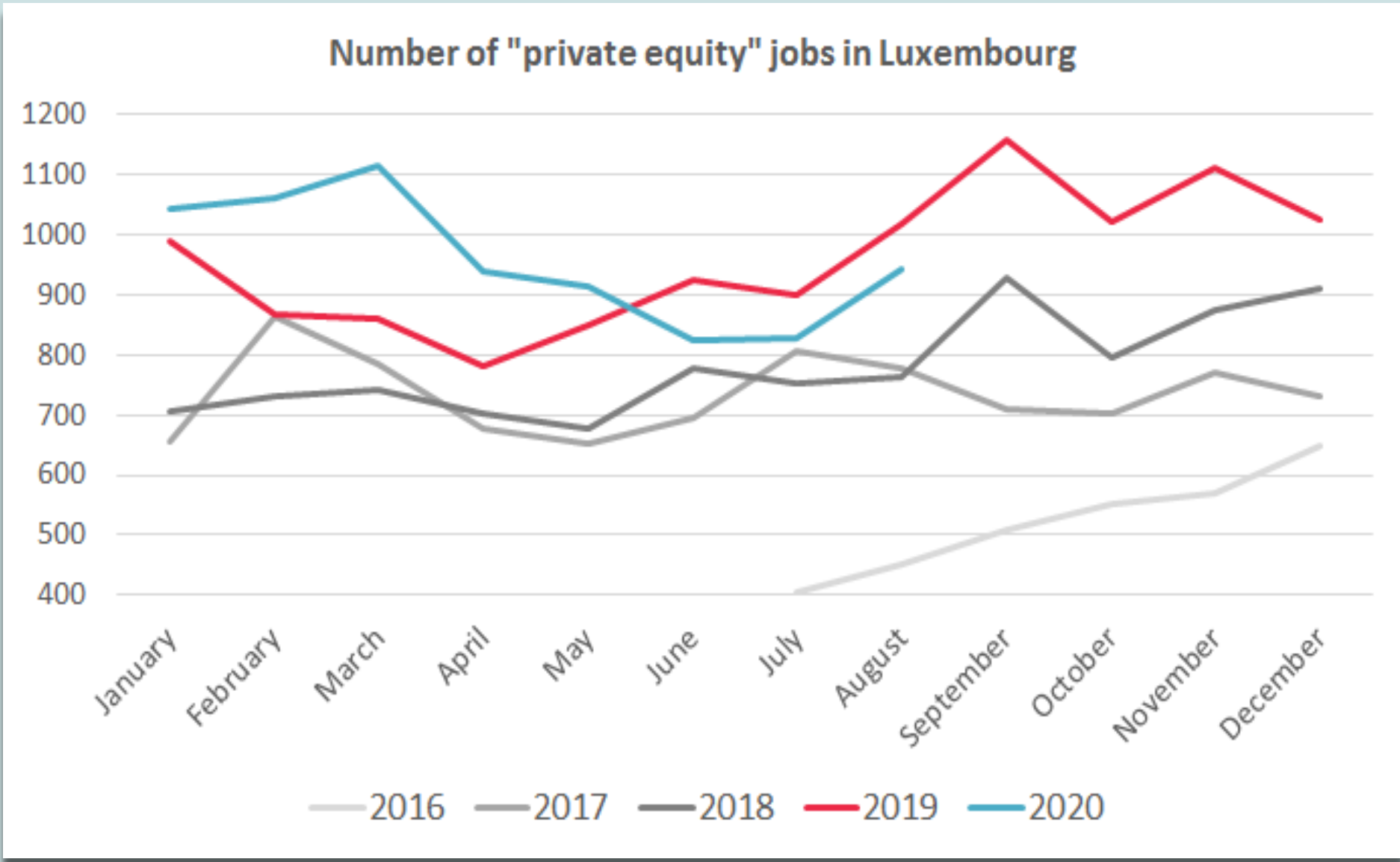
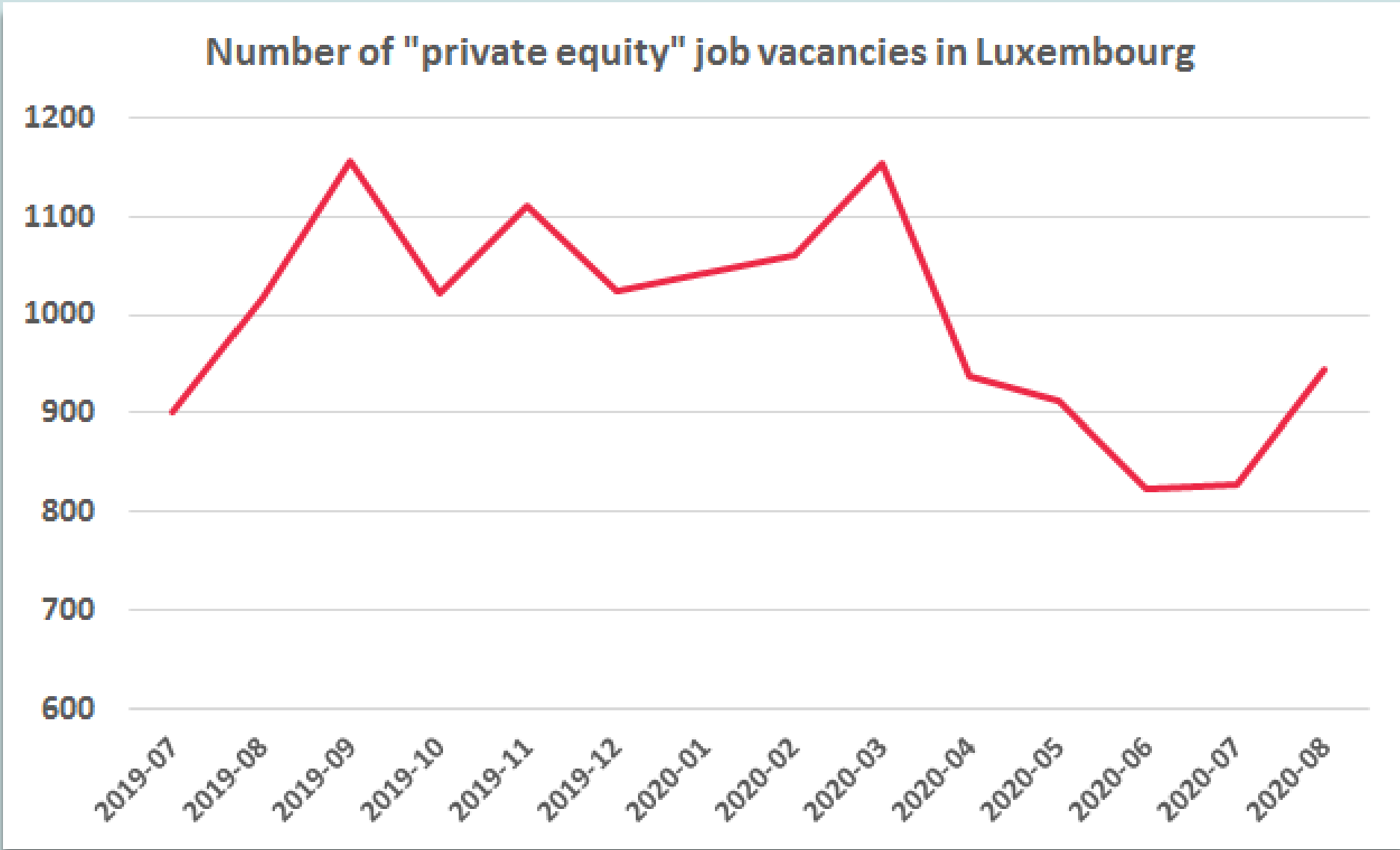
PE's favorite structures

- more than 1.050 RAIFs since 2016
- more than 3.985 SCSps since 2013

June 2020

Luxembourg statistics

Job vacancies



Luxembourg's leading position

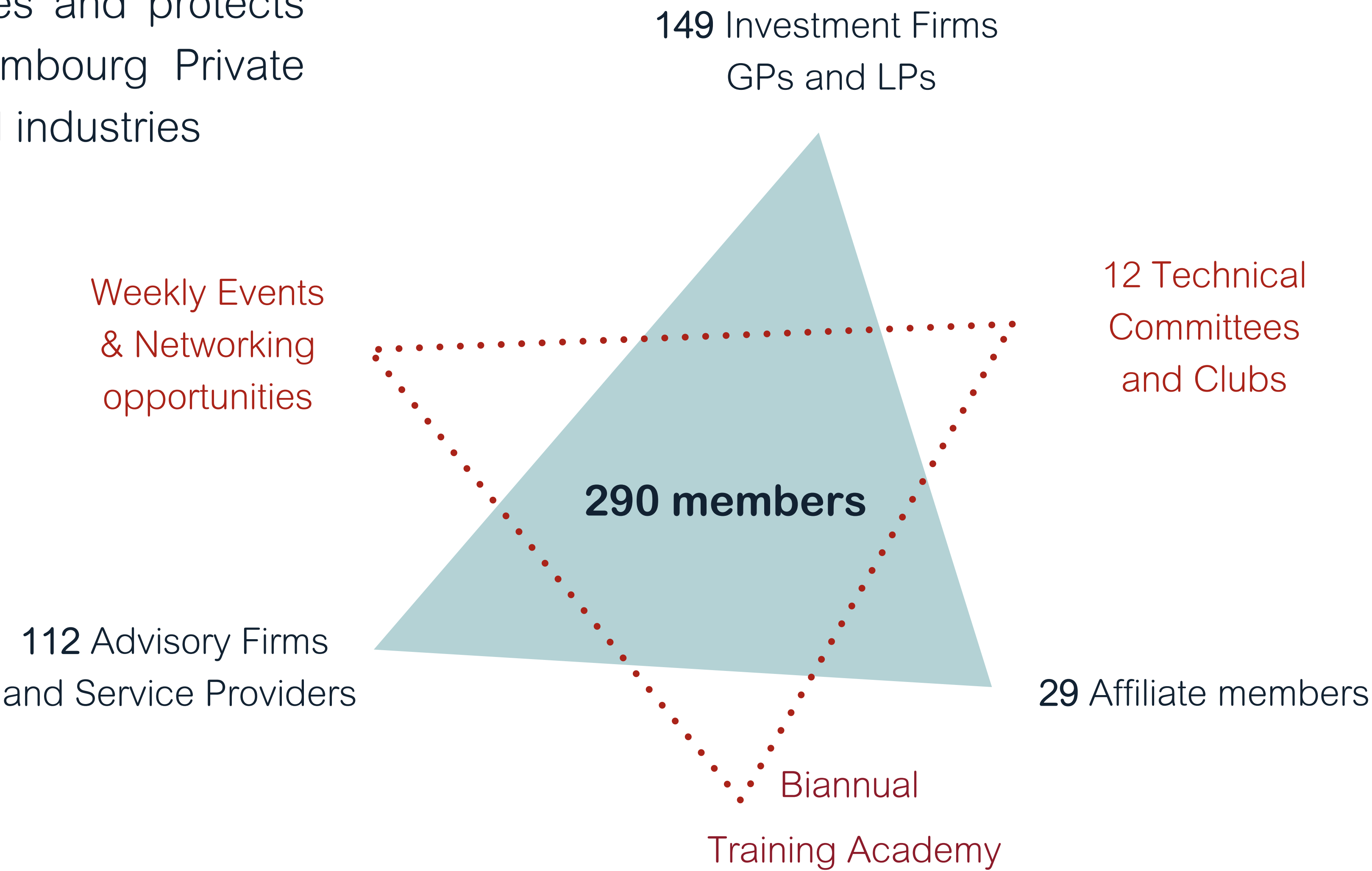
Key differentiators

- flexible investment vehicles and innovative toolbox
- stable macro, regulatory and political framework
- access to an international talent pool
- onshore domicile recognized by international investors
- efficient financial hub and access to EU-based investors
- strategic location in Europe
- growing presence of investors exposed to Private Equity (e.g. via Family offices, Private banking, Wealth Managers)
- high quality of life

LPEA at a glance

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

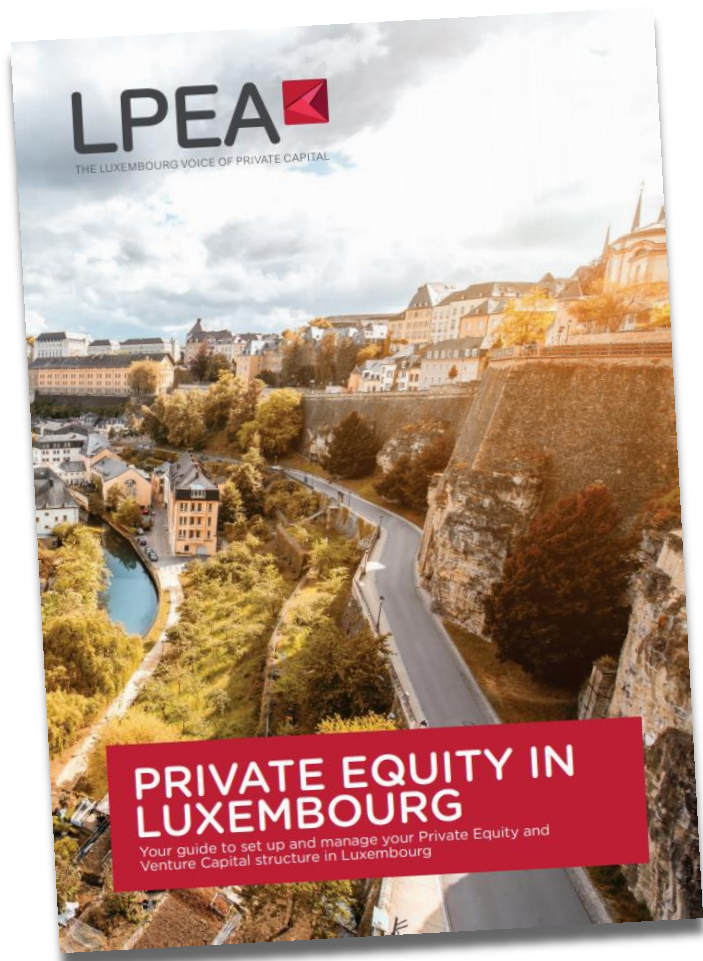
Celebrating LPEA's 10th Anniversary!



Some of LPEA's partners



PE & VC in Luxembourg

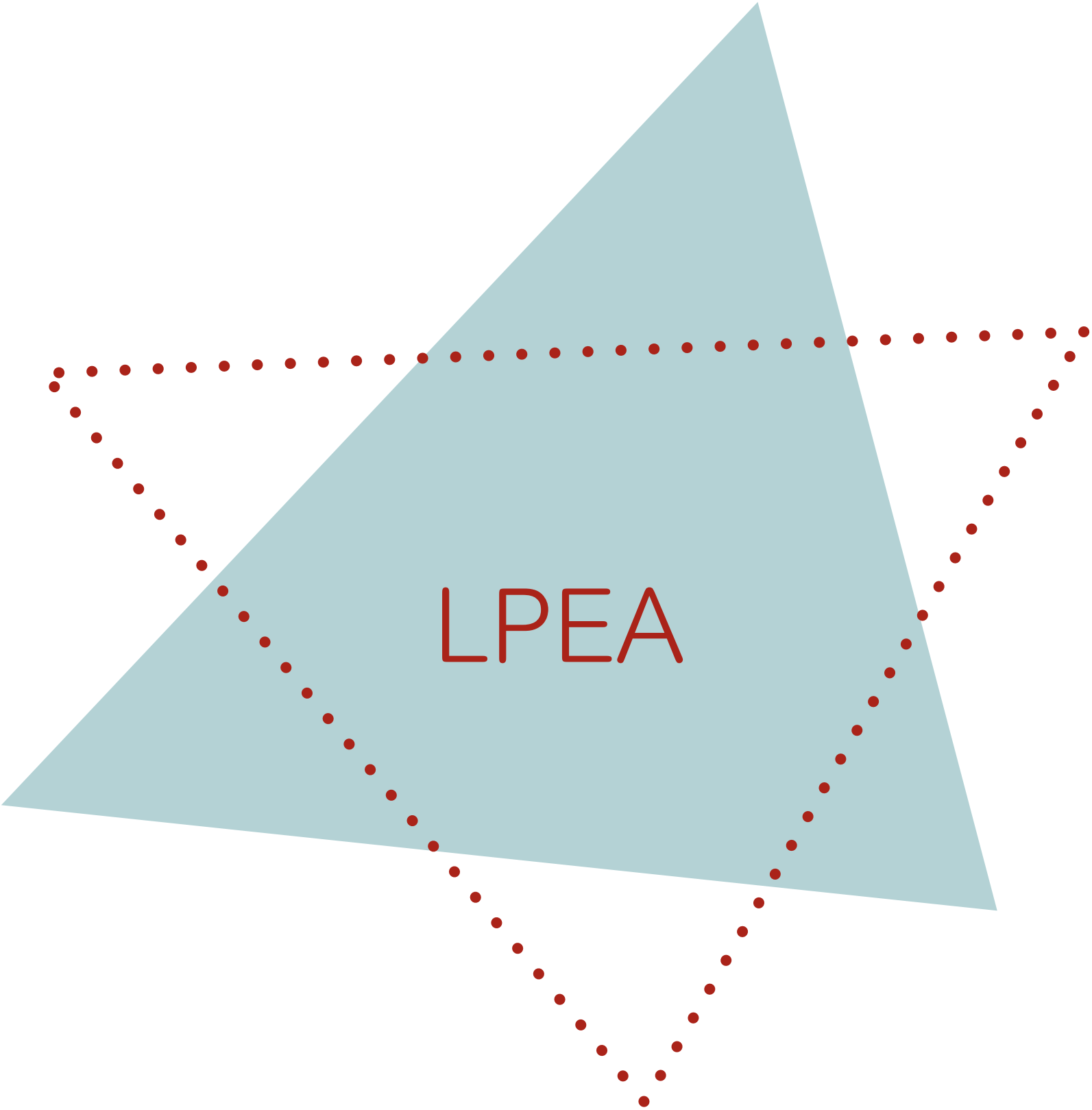


Download our PE in Luxembourg Guide!

State of the art
Legal & Tax framework

EN-FR-DE...
multilingual jurisdiction

19 out of the 20 Top PE firms worldwide
have operations in Luxembourg



6.000 PE-related jobs

900 Open PE-related
vacancies

International Cross Border Hub

The LPEA update



LPEA



Leadership

- 10 years of existence and activity
- team to be reinforced with a Public Affairs specialist
- soon reaching our objective of 300 members before year end (ambitious growth)
- continuation of the **e-LPEA** (conferences, interviews, Webinars, roadshows)
- digital **flagship conference** on November 25 (E-nsights)



The LPEA update



INVEST
EUROPE



Public advocacy

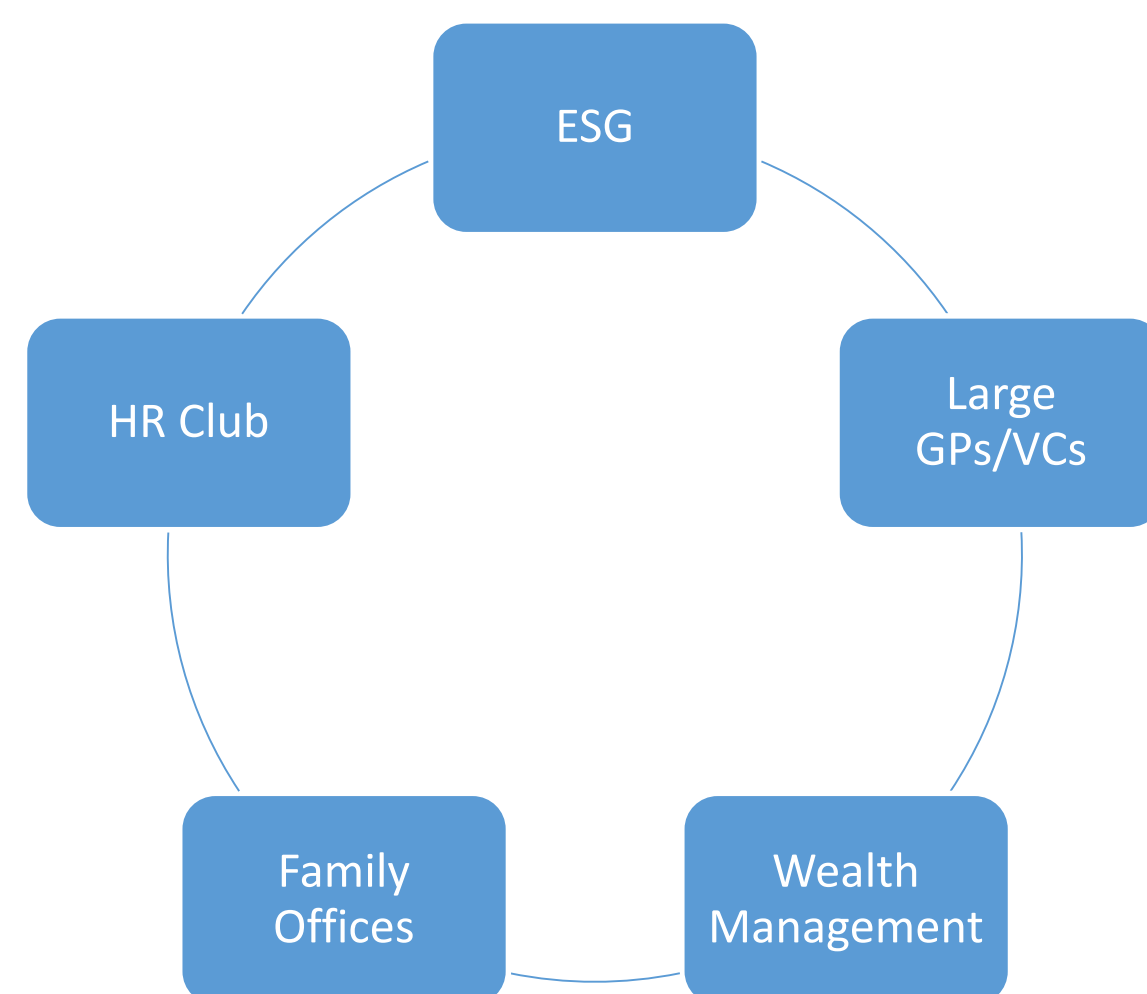
- Roundtable organised on October 6 2020 on the positive effects of the PE/VC industries for the real economy dedicated to Luxembourg stakeholders, policy makers, public officers and trade associations
- proactive press relations with positions and articles

Invest Europe relationship

- LPEA is a member of Invest Europe (next to the other EU NVCAs)
- Multiplication of common initiatives and interactions (European data initiative, interviews, roundtables)
- Publications and surveys shared with our members and community

The LPEA update

Tax	Legal	Market Practice & Operations
<ul style="list-style-type: none">• General tax• VAT• Young Leaders	<ul style="list-style-type: none">• AML• AIFMD review• Corporate law• RAIF• CMU• Young Leaders	<ul style="list-style-type: none">• Valuations, accounting• Risk Management• Depositary services



Thought leadership

- agile and hands-on LPEA Technical Committees and Clubs
 - active collaboration and participation to the HCPF AIF working group, CSSF GFI and CSSF AML Committees
 - synergies with partnering associations LFF, ALFI, Luxflag, UEL, ABBL and others on transversal topics
 - enhanced dialogue with the CSSF and events
- well equipped to be a “sparring partner”

The LPEA update



Talent attraction, development and training

- launch of the first LPEA Training Academy in July 2020 (fully digital) ; successful accreditation by the Ministry of Education (MEN)
- 2 LPEA Training Academies planned in 2021 (Winter and Summer editions)
- LPEA & Sacred Heart University PE certificate (annual partnership)
- active discussions with University of Luxembourg
- LPEA Website (careers page, matchmaking, job positions, applications of talents, HR Club)

Q&A



