Jasmin capital

Private Markets Advisors

newsletter

1st SEMESTER 2016

SUMMARY

- In 2015 Jasmin Capital has finalised 4 private equity fundraising, with funds' size ranged between € 150 and € 500 million, for a total amount of €1 billion, in mezzanine, venture, growth capital and buyout.
- Jasmin Capital was awarded this year Best Family Office Adviser, Best Private Placement Agent, Best in Private Markets Investment & Consulting by several British newspapers.
- The 5-person team has specific know-how in private equity and infrastructure:
  - Gatekeeper for family offices and institutional investor
  - Placement Agent
  - Marketing Advisor
  - Advisor for secondary transactions
  - Mergers & Acquisitions on Private Markets Investment Managers

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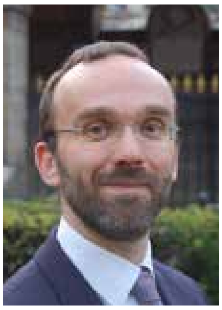
Small and mid-cap funds, a need to stand out

By Jean-Christel Trabarel, Partner- Founder of Jasmin Capital



Driven by very low bond rates, private equity funds are attracting more and more institutional investors and family offices.

France has achieved success in this asset class among international Limited Partners (LPs). It ranks second in the European private equity market, with 18% of the amounts invested, and has a track record above the European average: 11% vs. 8% for the 10 years average Internal Rate of Return (IRR).

French LPs are also set on supporting the national economy.

Large institutional investors, e.g. Bpifrance, Allianz France, BNP Paribas Cardif, CNP Assurances and Crédit Agricole Assurances are very present with "France Investissement" investment insurance partnership.

On the one hand, mutual groups, health and provident institutions, and regional banks are seeking to invest in growth capital funds to support employment.

And on the other hand, CEOs and wealthy individuals wish to invest in small and midcaps funds to stay involved in the real economy.

However, large LPs tend to focus on a few teams, i.e. top quartile and even top decile management firms. They have stopped spreading in a large number of teams that could have prevailed prior to the financial crisis. As a result of this new focus, investment tickets have increased. Control ratios, which usually stand at 10%, impose minimum fund sizes of € 100m if not € 200m.

Regarding € 100m to 400m funds, 18 French management teams are currently in fundraising, with a global target of € 4.5bn. This is a large amount for French small midcaps in just one year, whether it is an amount to raise or to invest. Concentration of management teams is to be expected.

From the LPs perspective, most teams seem to be dealing with the profession similarly: diversified funds targeting deals sourced by M&A intermediaries. Despite most managers claiming ownership of the deal-flow and a strong strategic and operational follow-up of portfolio companies, the truth proves somewhat different when the LPs carry out reference calls.

Differentiation is the key driver for management teams to attract French and international LPs in terms of strategy, deal-flow or hands-on approach.

Private Equity

INTERVIEW

STAFFORD CAPITAL PARTNERS

Ingo Marten
Managing Partner

William Greene
Partner

Stafford Capital Partners is a leading private markets investment and advisory group with a global presence and $ 4.5 billion under management and advice, mainly in infrastructure, forestry, sustainability, agriculture and private equity. Created in 2002, Stafford today encompasses over 30 investment professionals in London, Zurich, Boston, San Diego, San Francisco and Sydney.

Jasmin Capital is the placement agent of Stafford Infrastructure Secondaries Fund II

What is the feedback from your latest fundraise?

In the last ten to fifteen years, European institutional investors have gradually shifted their allocations from pure fixed income to infrastructure, with this trend accelerating in the current historically low interest rate environment. In parallel, the effect of the global financial crisis has been to refocus infrastructure investors' attention on the fundamentals of infrastructure investing: stable, predictable and inflation-linked returns with immediate annual cash yield.

As such, during our latest fund-raise ending in May 2014, investors were immediately receptive to the thesis presented by the Stafford Infrastructure Secondaries Fund: secondary investments in established and invested core infrastructure funds, which (a) can be fully-diligenced, (b) produce immediate yield (c) are widely diversified (over 50 assets and 12 vintage years in SISF) and (d) can often be acquired at attractive discounts. These aspects were especially crucial to first time investors, for who are truly focused on investing in a "better bond".

What exchanges did you have with investors? What were their expectations?

In fact, SISF's distinct focus on secondary fund acquisitions is the result of active dialogue with potential investors prior to product launch, seeking immediate and stable yield with solid returns; The strategy was designed to their needs and, and thus by definition their feedback was consistently positive.

The core of the team has common working experience stretching back six years, and over 50 years of relevant infrastructure investing experience. This was instrumental in giving confidence to investors who often were making their first foray into infrastructure.

With rapid and successful investment after our first close (90% invested after six months, and first dividends two months thereafter), the fundraising accelerated.

Today, as we prepare to market SISF II, discussions with existing investors certainly indicate an unabated interest in high yielding stable infrastructure products; as an example, our current fund is fully invested with 14% IRR and 9% yield since inception in 2012 to March 2015.

What evolutions do you expect in the infrastructure market in coming years?

In the infrastructure sector in general, we foresee two distinct trends:

1. A continued hunt for yield from institutionals, compressing returns on the primary market, and
2. An increase in inflation and interest rates, exposing ill-structured assets to decreases in real returns.

As a secondary investor, however, we will continue to "wind back the clock", being able to fully due diligence portfolios (including for inflation correlation) and retain strong visibility and pricing discipline on acquisition, especially as the secondary infrastructure funds market continues to grow.

We are also confident that we will see this market growth continuing in infrastructure as it still has to catch-up to the conversion rate that we see in Private Equity. Stafford saw € 2.4bn of secondary infrastructure transactions in 2014 up from € 1.5bn in 2013. Deal-flow will continue to come from forced sellers (e.g. changes in regulations for banks, etc.) but increasingly also from motivated sellers for whom secondary transactions represent an interesting tool of active portfolio management.

Private Equity

INTERVIEW

Seventure

Isabelle de Cremoux
CEO

Seventure Partners, is a subsidiary of Natixis Global Asset Management (BPCE group) and manages over € 500m in venture and expansion capital invested in digital and life sciences sectors. The firm was created in 1997 and has 25 professionals based in Paris, Basel, Geneva, London and Munich.

What is the feedback on your institutional fundraising?

Seventure Partners is one of the key players in innovation funding in Europe. Historically, we developed our company on Venture Capital Funds vehicles distributed to individuals through three large banking networks. Therefore, in 10 years we have gained a corporate identity, managed to have our industry sector expertise (life sciences and digital), generate proprietary deal flow and achieve a performing track record.

In 2013 we decided to launch two institutional funds: a French seed capital fund and an international fund dedicated to life sciences, Health For Life Capital.

Health For Life Capital invests in innovative companies with a high growth potential, mainly in Europe, as well as in North America and Asia. This fund is committed to the health sector, and focuses on microbiome and nutrition, as well as biotechnologies and connected health.

The fundraising attracted strategic investors (Danone, Novartis, Tereos, Lesaffre, Bel, etc…), such as institutional investors and entrepreneurs indifferently. After a first closing at € 62m, we chose Jasmin Capital as placement agent to continue the fundraising. We achieved an intermediary close at € 100m in March and finalised at € 160m last December.

The investors are not only attracted by the essential financial performances, they also find the clear and assertive investment strategy appealing. The challenge lies in making them see the huge economic potential of a technical domain at the cutting edge of worldwide research.

Jasmin Capital advised Seventure for the fundraising of Health for Life Capital

How are the exchanges with your investors ? What are your expectations?

Institutional investors, family offices and entrepreneurs invest in our funds because we can anticipate market trends and select high potential innovation companies that generate capital gains.

Industrial investors take a stake in Health For Life Capital as a result of our worldwide leadership in the microbiome and connected health field. Their teams are expecting new ideas and input on how to do open innovation differently; they want our help in understanding technological upgrades, and transforming threats into opportunities.

We have developed a very special skill, just like fairies leaning over a child's cradle, as we have managed to find a harmonious balance to manage several industrial and institutional investors as well as family offices/entrepreneurs. Furthermore, we have made this cohabitation an asset for the performance of the fund. These investors are all demanding and unique. We respect their expectations and they appreciate the transparency and the accuracy of our communication.

What changes do you expect on the private equity market in the coming years?

Private equity is in a concentration phase, specifically in France. Over the last years, several historical management firms have merged. New mergers are expected. This kind of evolution is to be expected in a mature market.

In terms of fundraising, we need funds that set themselves apart from competition by bringing a real added value, and that are in phase with the investors' expectations.

What we do

Advisor for Family Offices and Institutional Investors

- Reviewing and analyzing portfolios
- Defining targeted investment strategy
- Implementing and monitoring investment strategy

Placement Agent

- Identifying prospective LPs
- Assisting with the writing of marketing documents: slide show, PPM, DDP, DDQ
- Managing fundraising process
  - Organizing and preparing meetings with LPs
  - Following up on the LPs

Marketing Advisor

- Advising on creation of funds: structuring, investment strategy, competitive benchmark, product testing
- Image/Perception Study
  - Analyzing how the management team is perceived by LPs, CEOs, etc.
  - Marketing approach to put in place with regards to LPs typologies

Secondary Transaction

- Investments valuation
- Sale of shares of private markets funds or portfolios of direct company stakes

Mergers & Acquisitions on Private Markets Investment Managers

- Buy-side or sell-side Advisors
- Business valuation, negotiation, pricing and structuring of transactions

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