

Allocate

General Meeting 2018

Annual Report 2018

The AGM for European Private Equity



The inaugural AGM for European Private Equity challenged attendees to consider how private capital will contribute to our future society, economy and environment.



Allocate wasn't the usual inward-looking conference unpicking the nuances of private equity, with business leaders naval gazing at their own technical deal doing, but a chance to see the industry in the context of the wider and more tangible issues facing us all today.

Delegates were treated to what couldn't have been a broader spectrum of themes that business leaders need to confront; from the rise of populism in European politics and lack of social mobility to post-lean management, digital disruption and climate change.

The overriding theme from all was that private equity could and should be part of the narrative as we move forward.

"Don't wait for Westminster to solve the problem," said MP **Justine Greening**, inciting business leaders to help increase social mobility. Private equity houses have a key role to play in terms of recruitment, providing work experience and apprenticeships, given the discrepancy between opportunities available and the increasing appetite amongst the younger generation, said the keynote speaker.

But engaging in the political changes of Europe was absolutely paramount for business, not least because one in seven jobs in Europe are related to exports, said risk analysis specialist **Wolfgango Piccoli from Teneo Partners**. A staggering 11 European countries

"Don't wait for Westminster to solve the problem"

Justine Greening, MP

now had populist parties in power and whatever your political persuasion it wasn't about whether populism wins out long term, it is already directing the narrative and causing the mainstream to react.

The tone of the two days was set by Tuesday morning; private equity should act now and be at the forefront of our changing world.

Nowhere was this more pertinent than when **James Cameron** from **Overseas Development Institute (ODI)** took to the stage, challenging delegates to put climate change at the centre of every business decision they make.

"The scale of risk is huge but the opportunity is huge," Cameron said in relation to the fact that there is a 50% probability that the planet's temperature would rise 4-6 degrees in the next 100 years. But neither the problem nor the solution are linear, he added.

In terms of data, we know more, we can measure better, we can set intelligent metrics and we

can match environmental data about the real world with financial data for investment in the real world, said Cameron. Massive investment is needed and the scale of capital deployment means that private capital and the entrepreneurial spirit of business leaders is key, he said.

And if the unsustainability of this global warming and scale of problem overwhelmed the audience, **Ambienta's Nino Tronchetti Provera** gave comfort in profiling the changing habits of the younger consumer. Delegates were hopefully encouraged that change was on the horizon as they drive interest in being environmentally responsible, and more importantly, willing to pay a premium for products reflecting the same principals, especially in comparison to the previous generation.

Indeed, millennials were likely to play a key role in the changing landscape both as consumers as well as leaders, and understanding their mind-set was key, said Frode Odegard of the Post-Lean Institute in Silicon Valley in his keynote. Exponential technologies are behind the millennial mindset as they have grown up with smartphones, instant access to information, the ability to use the internet to share knowledge and collaborate, and computers as empowering their ability to express themselves and self-actualize. Millennials take it for granted that



A golf day opened this year's event





Breaking the ice at the opening barbecue

they can get information, work together and realize new ideas, bypassing the structures, organizations and institutions that were built before them, according to Odegard.

The thesis is that while lean manufacturing – streamlining processes and getting rid of waste was coined at Toyota in the 1950s and became a hot topic in the West in the 1990s and mainstream in the 2000s – we are now entering a transition to a post-industrial culture and economy. The process of decentralising production and content will continue and companies need to confront this.

Business models are being disrupted as the next generation of innovators can easily self-empower and build their own ventures and even when they do hire young people, they are consumers of the workplace and not “loyal” in a traditional sense.

To illustrate the pace and scale of change, Odegard noted that at its peak, the Marriot chain of hotels, upheld as the bellwether of job creation and the international corporate world had 400,000 employees after their acquisition of Starwood in 2016, while Instagram had 13 employees only when it was sold to Facebook in 2012.



Evening gala dinner



Relaxed networking between speeches and boardroom meetings



Other activities included morning run, yoga class, trail bikes and a road cycle (pictured)

Millenials will make up three-quarters of the workforce in 20 years and their 'consumer' approach to the workplace will continue to force change given there is still a mind-set conflict between the industrial world and post-industrial world. Firms are being challenged as their business models are being disrupted.

What will the business leaders in the room do about this?

Unquote will continue its coverage in the industry themes coming out of Allocate in the following weeks.

To find sign up to next year's conference <https://events.unquote.com/allocate>

“The scale of risk is huge but the opportunity is huge”

James Cameron,
Overseas
Development
Institute (ODI)



A selection of LP attendees

Aberdeen Standard

ACG Capital

Adam Street Partners

Argenthal

Barings

British Business Investments

Brunei Investment Agency

Capital Dynamics

EBRD

Employees Provident Fund Malaysia

Esas Holding

European Investment Fund

Family Office

Gatmore Capital Management

GIC

Hamilton Lane

HSBC Alternative Investments Limited

IFM Investors

J.P. Morgan Asset Management

Lewis Trust Group

LFPE

M&G Investments

Manfredi Mattei Filo della Torre

MdF Family Partners

Mitsui & Co Europe Plc.

Mizuho Bank,

Morgan Stanley Alternative Investment Partners

Northleaf Capital Partners

OMERS

Ontario Teachers' Pension Plan

Pantheon Ventures

PineBridge Investments

Queensland Investment Corporation

Quilvest

Schroder Adveq

Siguler Guff

Sixth AP Fund

SJF Partners

Sompo Japan Nipponkoa Asset Management

Teacher Retirement System of Texas (TRS)

Times 3 Capital

Truffle Invest



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SAVE THE DATE: 19 – 21 JUNE 2019, THE GROVE, HERTFORDSHIRE



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