

caceis news

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Editorial



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BY BRUNO BOURBONNAUD, *Global Head of the PERES Division, CACEIS*

In a context of low interest rates, private equity, real estate, private debt and infrastructure funds have demonstrated tremendous growth across the world over the last few years. At present, an increasing share of the global economy relies on the financing of these specialist funds, and the unlisted asset class has experienced growing successes. One of

the drivers of this asset class's success is that it offers some of the highest returns (compared to listed vehicles) whilst being a relatively low volatility investment, provided investors are comfortable with its illiquid nature. Another factor is that governments are increasingly looking to the private sector to contribute to financing the real economy, infrastructure notably.

As such, Crédit Agricole saw a natural opportunity to offer sophisticated solutions to clients in this industry, conjointly served by three entities of the Group: CACEIS, Crédit Agricole Corporate & Investment Bank and Indosuez Wealth Management. To date, Crédit Agricole's Private Equity Services business line covers more than 80 clients, a significant portion of which are outside France.

CACEIS is involved at several levels of servicing to the funds: in particular as depositary bank and transfer agent when the fund is established, then as central administrator throughout the life of the fund. CACEIS is in charge of managing relationships and flows between the management company, the fund, the fund's assets and the fund's investors.

CACEIS and CA-CIB provide "equity bridge" financing on a joint basis. This solution has several advantages for investors and fund managers: it makes it possible to stagger and re-

duce the number of capital calls to investors, and for fund managers to react more quickly on deals opportunities.

In order to better serve its clients, CACEIS has set up the dedicated business line, PERES (Private Equity, Real Estate and Securitisation) with integrated front-to-back teams including sales and relationship management, and all support and operational functions. This business line has experienced remarkable growth over the past four years thanks to its model which enables to develop a long-lasting relationship of trust with its clients, to major investments made in its information systems, and its tailored and dedicated offering.

CACEIS is more than a service provider, but also a partner that supports management companies in the development of their funds.

As a result, CACEIS is a leading depositary in Europe for private equity, real estate, private debt and infra funds, servicing more than 2,000 funds.

We must now nurture this growth and manage this business development. In order to provide better support for our clients and optimise what has already been accomplished, I have initiated, in coordination with CACEIS's General Management, a program based on two pillars. The first pillar concerns strengthening the relationship and commercial management of our clients and prospects, in order for CACEIS to meet their needs in any country they operate. The second pillar concerns strengthening the operational efficiency of our services.

In a very competitive environment, our ambitions are clearly international and we promote our offer as being the most relevant and of a high quality. This One-Stop-Shop offer must be accessible to all our clients across private equity, infrastructure, real estate funds and securitisation sectors, regardless of their geographical location. CACEIS has all the strengths to develop in this direction.

INTERNATIONAL
PRIVATE
EQUITY
MARKET

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4th EDITION **2019**
22, 23, 24
JANUARY

PALAIS DES FESTIVALS
CANNES - FRANCE

EMZ PARTNERS' TESTIMONY FOR CACEIS NEWS

Thierry Raiff, Chairman

Véronique Bernard, General Secretary - RCCI



© Bruno Mazodier



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Can you present your company?

EMZ Partners (formerly Euromezzanine) manages investment funds financing the most dynamic French businesses. Based in Paris, EMZ Partners' professionals have invested in more than 120 deals since 1999, totalling €3bn. This is mainly in the form of bonds. EMZ only intervenes in operations in which the entrepreneurs are significantly involved (and usually the majority) in the capital of the company they manage (so called 'sponsorless' or 'management sponsored' transactions). These could be either managers who want, after an LBO operation alongside an equity fund, to take or strengthen control of the company they run, or managers or family shareholders who are looking to finance a significant external growth operation by limiting the dilution of their capital control. EMZ's individual investments vary between €10 and €120m.

What services have you entrusted to CACEIS?

We entered into a relationship in 2008, more than 10 years ago. We have appointed CACEIS as depositary bank for our funds and as registrar for our investors. For the past two years, we have also been using the Equity Bridge Financing (EBF) solution which gives us and our investors flexibility and comfort in managing our investments. Finally, we

use the OLIS platform to view monitoring reports for our funds at any time.

Every 3 to 4 years we raise a new fund and on that occasion we launch a market consultation. We renew our confidence in CACEIS each time, which is again the case for the Fund 9 currently being created.

As of today, for EMZ, CACEIS administers 3 funds already open for a total outstanding amount of around €1.5bn. The Fund 9 is expected to reach almost €900m. Each fund is divided into several vehicles, which represent so many different entities for CACEIS, namely approximately 20 currently.

What do you particularly appreciate in your relationship with CACEIS?

One of our fundamental criteria in selecting our service provider is its reputation, since both French and international investors are highly sensitive to the quality and reputation of the financial institution that administers our funds and holds their accounts. The reliability of the services is also a decisive criterion in establishing a trusted relationship. CACEIS therefore fully meets our requirements. We also value the responsiveness, flexibility and professionalism of the teams. CACEIS took the initiative

four years ago, well before the other providers in the Paris financial center, to create a business line entirely dedicated to the private equity sector, integrating sales, support and operational functions on a front to back basis. CACEIS teams are made up of highly skilled individuals specialising in the private equity, private debt and real estate sectors, who are knowledgeable about our needs and know how to anticipate them to meet our requirements rapidly.

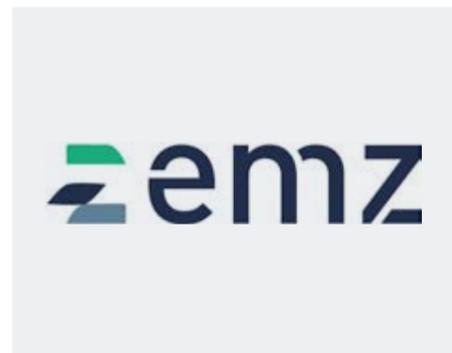
We are in daily contact with them. We know that CACEIS can provide support for all our projects for significant amounts. Our correspondents are accessible, including at the highest level of CACEIS's hierarchy.

Finally, CACEIS' other strengths lie in its price competitiveness and its ability to develop the OLIS tool in an agile way according to our needs.

What do you expect from your relationship with CACEIS for the future?

We want CACEIS to continue to support us in our projects with the same qualities of reliability and professionalism, helping to ensure our investors' trust.

We also expect our partner to monitor market and product developments, and improve any service that allows us to optimise the management of our funds. As such, and as part of our ESG policy, we are ready for a 100% digital relationship. We know CACEIS's ongoing digital transformation plan will meet our expectations @



CACEIS PERES BUSINESS LINE

KEY FIGURES

250

PROFESSIONALS ACROSS EUROPE

#1

EQUITY BRIDGE FINANCING PROVIDER IN CONTINENTAL EUROPE

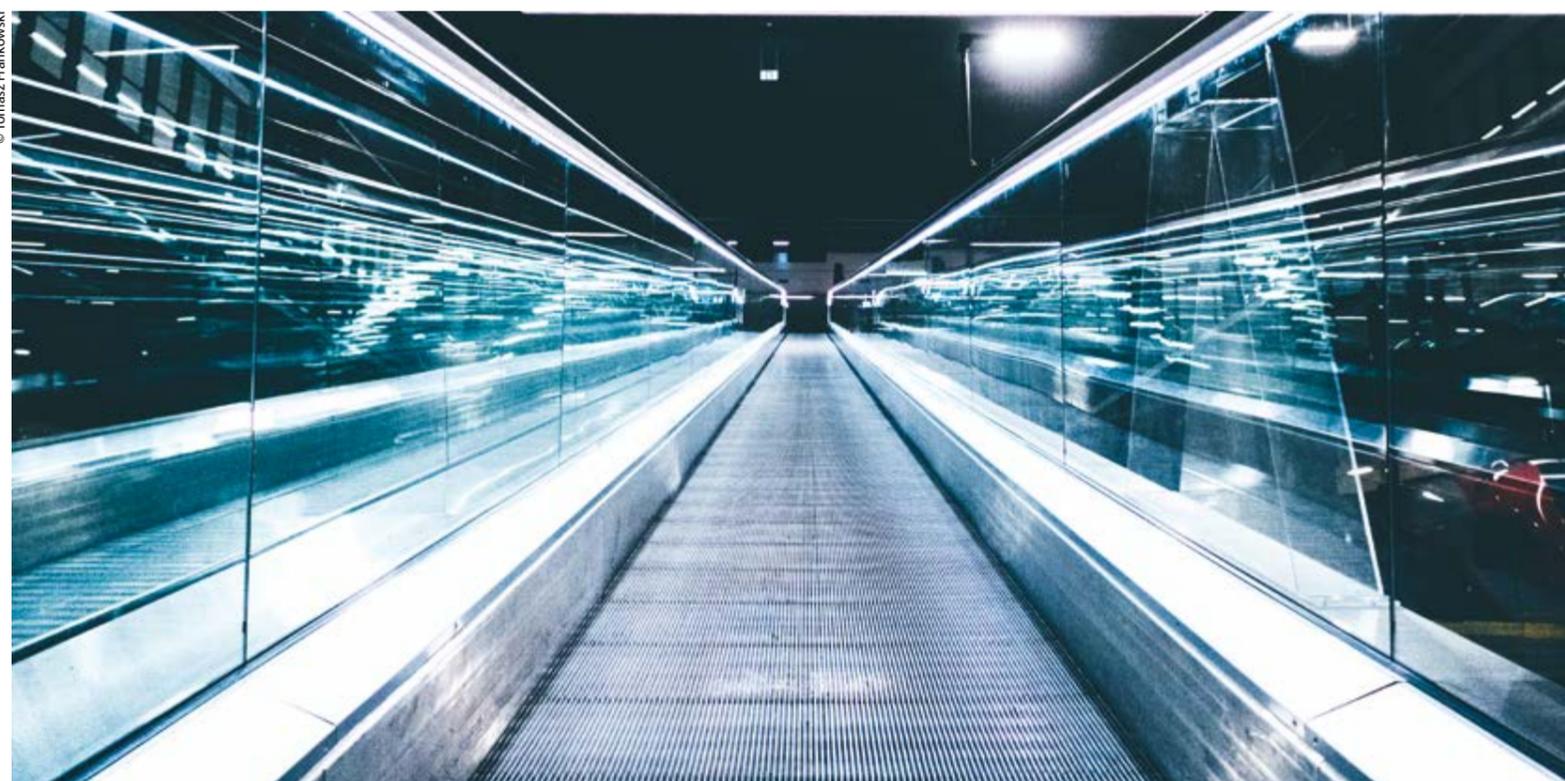
DEPOSITORY BANK FOR **2,000**

FUNDS IN EUROPE

ADMINISTRATOR OF **600**

FUNDS IN EUROPE

ASSETS UNDER DEPOSITORY **€170bn**



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CACEIS tailored its service offering to the trends of the private equity market



SYLVIANE PIGANIOL, Head of Business Development & Relationship Management - PERES France



ARNAUD GAREL-GALAIS, Group Head of Coverage & Business Development of PERES Global Services



VIVIANE ROUARCH, Head of Business Development & Relationship Management - PERES Luxembourg

In a context of steady growth in the private equity market over the past eight years, the dedicated PERES Business Line of CACEIS regularly develops and adapts its offer to meet the needs of its clients in Europe.

The growth in private equity, real estate, private debt and infrastructure funds has been a global phenomenon, and while Europe was still slightly behind in the 2010-2012 period, it has strongly caught up since.

While the complete picture for 2018 is not yet available (and the numbers not yet completely meaningful) the last three years have each been record years in terms of European fundraising with over €213bn raised in 2017 with a total of 450 new funds (source Preqin). Another interesting phenomenon is the increase in size. The average fund raised in Europe was close

to €300m in 2009-2011 and has in recent years exceeded €500m (source: Preqin).

This is fully consistent with the trends we see in CACEIS' client base, where our clients have raised increasingly larger funds over the last three to four years.

"They also have gone from generally using one main fund domicile (France or Luxembourg for instance) to raising multi-domiciled funds structured as a series of parallel vehicles," adds **Sylviane Piganiol**, Head of Business Development & Relationship Management - PERES France.

"This is the reason why our ability to provide our service in most European jurisdictions (Ireland, the UK, France, Luxembourg, Belgium, the Netherlands, Germany, Italy and Switzerland) is paramount, as we can cover the increasingly varied and international needs of our expanding client base, whose level of sophistication and requirements is also becoming stronger," explains **Arnaud Garel-Galais**, Group Head of Coverage & Business Development of PERES at CACEIS.

Another trend that we have observed, again very consistent with our client base, is a surge in "continental" European fund domiciliation, Luxembourg in particular, probably as a result of the Brexit vote in the UK.

"While in 2017, the European fundraising landscape was dominated by UK fund structures (English or Scottish Limited Partnerships), for over a quarter of new funds

raised, 2018 has seen a significant increase of Luxembourg fund domiciliation, which represented nearly a third of new funds raised" explains **Viviane Rouarch**, Head of Business Development & Relationship Management - PERES Luxembourg.

This was a trend we had prepared for, as Luxembourg is one of our two main PERES operational hubs alongside Paris.

The dedicated PERES (Private Equity, Real Estate and Securitisation) Business Line of CACEIS provides the full suite of services to private equity, infrastructure, real estate and securitisation/private debt funds as a "One-Stop-Shop" approach.

We cover asset servicing - depositary bank (which is our core service), transfer agent/shareholder register, fund administration/fund accounting and NAV calculation - but also

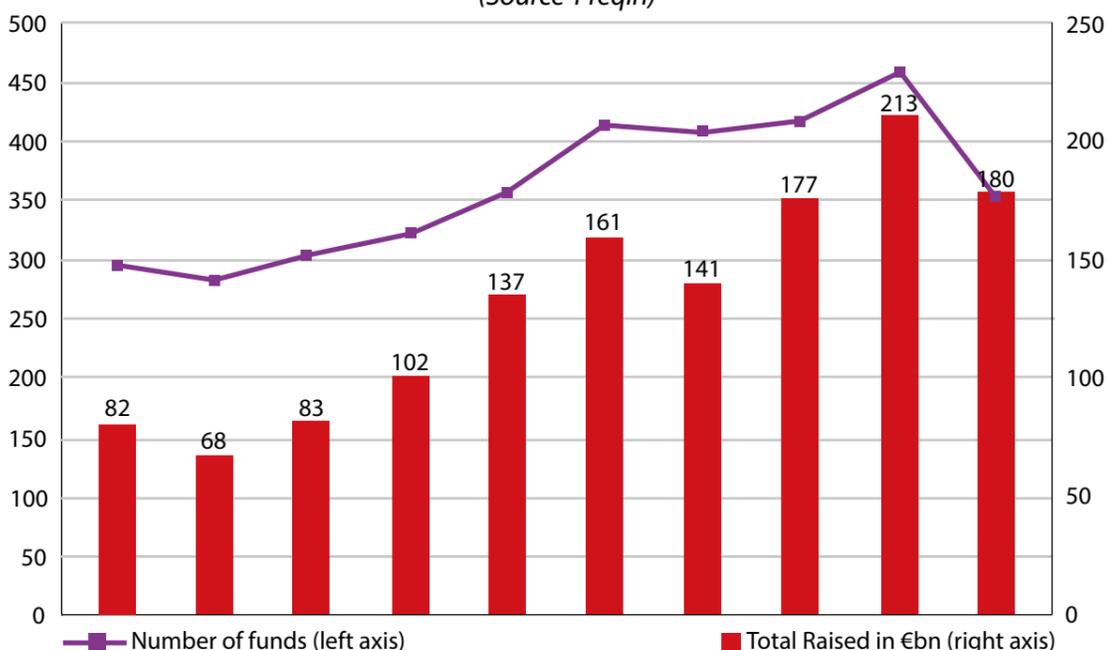
financing, i.e. committed overdrafts and "equity bridge" financing.

Given the international development of our clients, expanding the use of various fund domiciles, it is crucial for us to be able to provide these services in a harmonised way and with a common operating model in most relevant European fund jurisdictions.

We are currently able to do it thanks to integrated front-to-back teams working in a coordinated manner across various countries to service our clients.

Client interaction and satisfaction in particular are ensured by the collaboration of our dedicated sales and relationship management teams, based locally in each jurisdiction to ensure proximity with the operational teams, but which collaborate seamlessly in order for the client to be served by one single team ☺

EUROPEAN FUNDRAISING STATISTICS FROM 2009 TO 2018
(Source Preqin)



TOP 3 DOMICILES FOR EUROPEAN FUNDS CLOSED
(source Preqin and CACEIS data)

2017

26%
UNITED KINGDOM

16%
LUXEMBOURG

16%
JERSEY

2018

32%
LUXEMBOURG

24%
JERSEY

19%
UNITED KINGDOM

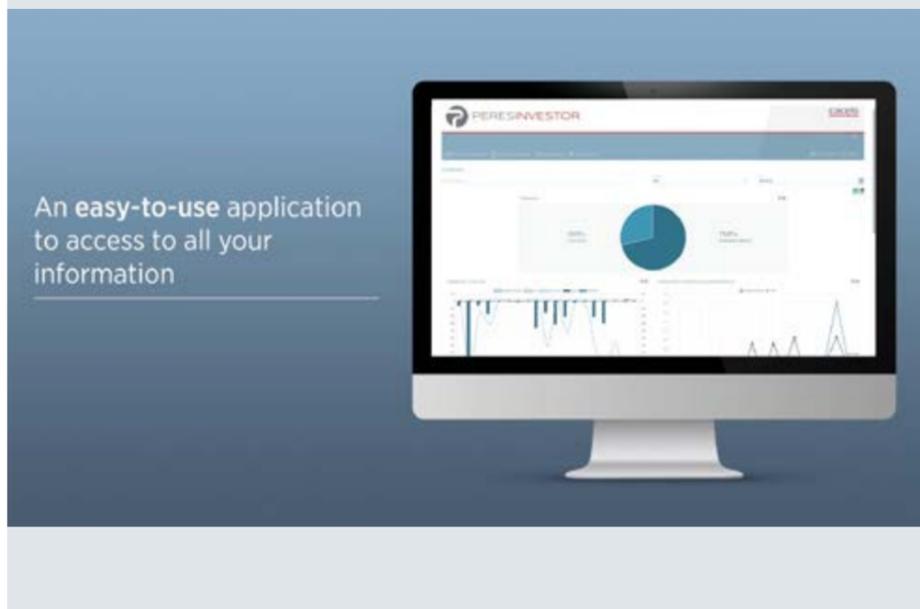
EVOLUTION OF AVERAGE SIZE PER EUROPEAN FUND (Source Preqin)

Number	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund size in €m	304	279	295	341	439	435	386	467	522	585

OLIS PERES: FOR PE-RE MANAGEMENT COMPANIES AND FUND MANAGERS



PERES INVESTOR: A DEDICATED PORTAL FOR PE-RE INVESTORS AVAILABLE IN WHITE LABELLING



CACEIS provides PE-RE clients with new features in accounting and digital solutions

In 2018, CACEIS developed a new Private Equity accounting platform and digital web-tools dedicated to Private Equity, Real Estate and private debt fund managers and investors.

A CUTTING EDGE NEW VALUATION PLATFORM DEDICATED TO PRIVATE EQUITY FUNDS

Since 2017, CACEIS has worked in collaboration with a recognised accounting software provider to develop a dedicated Fund Administration platform for Private Equity funds. This brand new application provides more flexibility and automation for funds' valuations and related regulatory reports.

CACEIS' new platform gives a detailed follow-up of all operations per share class, including Commitment, Capital Call, Distribution combined with a powerful Waterfall Calculation Engine allowing Automation even for the most complex structures. Regarding the investment follow-up, our clients' accountants can monitor a broad range of instruments and transactions types for an accurate portfolio report.

CACEIS has deployed its new PE accounting application and has started the first fund migrations in 2018. The objective is to migrate the remaining funds by June 2019 to take full advantage of the automation features (transaction inputs, waterfall calculation or customer/regulatory reports).

NEW FEATURES IN OLIS PERES WEB INTERFACE FOR FUND MANAGERS AND MANAGEMENT COMPANIES

OLIS PERES is a Web Portal which provides clients with a full range of

information about their funds, investors and assets:

▶ **FUND AND INVESTOR MONITORING**

Access to "Fund Reports" on the platform provides a synthesis of all fund positions by share class. It is easy to access the main fund, fund operations and investor register details. For French domiciled funds, CACEIS added several transactions types which allows French management companies to submit on-line their register instructions.

▶ **ASSET MONITORING**

Fund Reports from the PERES module within OLIS offer exclusive access to synthesis and detailed portfolio information of each fund (including exposure to geography, investment sector or participations). CACEIS added new features to monitor loans and bonds with the full list of credit lines and the associated amortisation tables. Another main feature enables the management company to view funds investment structure by transparency (look through) as a "mind mapping."

PERES INVESTOR: A BRAND NEW APPLICATION FOR PRIVATE EQUITY AND REAL ESTATE INVESTORS

PERES Investor gives investors an easy-to-use, fast and single access to all their investment in PE-RE funds and the investments of those funds. PERES Investor is developed using new technology for a better user experience and is available in French and English, 24/7

on computers, tablets and via any internet browser.

The application is available in "White Labelling", so management company clients can use their own design, font, colours and logos on the screens.

▶ **FUND INVESTORS AND OPERATIONS MONITORING**

PERES Investor provides an overview of subscriptions and positions in the funds of the management company on a single page. It is then very easy to access the operation details (Capital Call and Distribution).

The investor is able to see the detailed fund information as well as its bank details used for the various subscriptions.

▶ **ASSET MONITORING**

PERES Investor offers access to asset overviews and detailed portfolio information for each fund. Portfolio details are classified by investment type: funds of funds, private equity, real estate. They can be viewed in a table or as an investment structure graph.

▶ **DOCUMENTATION**

PERES Investor offers access to documents of the investor's operations and positions.

OLIS PERES Investor is the cornerstone of CACEIS' services for private equity, infrastructure, private debt and real estate funds.

A host of new features will be added in 2019 to enhance CACEIS' services for private equity and real estate funds 🟡



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