

Present

Singapore Private Equity Research Symposium

Monday, 19 February 2024 | 8:30 – 13:00

The Fullerton Hotel | 1 Fullerton Square Singapore 049178 | The Straits Room (Level 4)

8:30 - 9:00 **Registration (Coffee & Continental Breakfast)**

9:00-10:30 **Session I: Private Equity**

Straits Room

Welcome

Greg Brown, *UNC Kenan-Flagler Business School* & *Institute for Private Capital*
Stefan Morkoetter, *University of St. Gallen Institute of Management*

Impact of Trade Barriers on Investment Decisions of Private Equity Funds

Stefan Morkoetter, *University of St. Gallen*

Abstract: The recent US China trade dispute underlined the (again) growing importance of trade barriers to either support local companies or to steer international capital flows. In this context private equity funds play an important role as their investment decisions are independent of any legacy business activities and often can be made across different countries. We investigate the impact of trade barriers on the investment behavior of private equity funds with regards to country preferences. Based on a sample of more than 9,000 transactions completed by more than 1,500 PE funds we observe a negative and significant relationship of trade policies restricting imports into the target country and the probability of a PE fund investment. This effect is driven by trade barriers pertaining to subsidies paid to import-competing firms. We find a positive and statistically significant effect of tariffs on the probability of a PE fund investment in a given country.

Size, Returns, and Value Added in Private Equity

Tim Jenkinson, *Saïd Business School, University of Oxford*

Abstract: Private equity organizations have strong incentives to increase fund and deal sizes. Management fees change very little, and carried interest not at all, as fund size increases. We show that private equity funds scale by increasing deal size, not by doing more deals, and that returns and risk fall as funds get larger. We argue that these facts require a different way to think of performance, persistence and value added. We introduce the concept of fund gross value added and show that successful private equity organisations are able to grow gross value added as relative performance tends to fall. This has important implications for investors considering how to construct their private equity portfolios.

Panel Discussion: Managing Private Portfolios in an Era of Depressed Exit Activity

Distributions from private portfolios in 2022-2023 have been unusually low. For example, cash flows from buyout funds as a percent of prior year-end valuations were only about 6% annualized in 2023Q1, and 10% for all of 2022 – much lower than the 20-25% seen each year over the past decade. This session examines the effects of reduced cash flows on private portfolio management and the pros and cons of alternatives to traditional exit such as continuation funds, minority sales, NAV loans, and fund securitization.

Moderator:

Ben Hart, *Adams Street Partners*

Panelists:

Christian Deiss, *Co-Head Global Industrials Group, UBS*

Kenrick Guo, *Director, Temasek*

Foong Hsueh Min, *Head of Management Solutions, LGT Bank*

10:30 - 11:00 **Networking Break**

11:00 - 12:30

Straits Room

Session II: Current Issues in Private Markets

Inflation and Private Assets: What's Different This Time?

Gregory Brown, *UNC Kenan-Flagler Business School & Institute for Private Capital*

Christian Lundblad, *UNC Kenan-Flagler Business School & Institute for Private Capital*

William Volckmann, *UNC Institute for Private Capital*

Abstract: Real assets are widely considered to be an inflation hedge. However, the unexpected onset of persistent inflation in 2022 resulted in poor performance of many publicly-traded real assets such as REITS. In contrast, private funds invested in real assets performed well in 2022-2023. We analyze possible explanations for differences and what this means for investors in public and private real assets.

It's Getting Physical

Darwin Marcelo, *EDHEC Infrastructure & Private Assets Research Institute*

Abstract: Physical risks created by climate change are not limited to a distant future for investors in infrastructure, some of whom could well lose more than 50% of the value of their portfolio to physical climate risk before 2050 in the event of runaway climate change. Moreover, the average investor will also lose twice as much to extreme weather, mostly in OECD countries, compared to a low-carbon scenario.

Panel Discussion: Impact Investing

Impact Investing has been on top of the agenda of many PE investors with funds dedicated to Impact Investing strategies gaining traction during recent years. Besides the focus on the financial return, investors more and ask how their committed capital also generates a social pay-off. This panel will discuss the current status quo of Impact Investing within the Private Equity space and how the sector has recently developed in terms of returns as well as demand from a LP's perspective. Has the impact space lived up to its expectations and is investors' demand unbroken? Where to we stand in terms of developing a consistent framework tracking social pay-offs and what still needs to be done?

Moderator:

Stefan Morkoetter, *University of St. Gallen Institute of Management*

Panelists:

Joost Bilkes, *Managing Partner, Double Delta*

Fernanda Lima, *Partner, LeapFrog*

12:30

Closing Remarks followed by Light Lunch & Networking

13:00

Adjourn

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