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Family offices seek new private equity opportunities in 2010

Private equity is a hot topic for European family offices, with 57% considering increasing their exposure to private equity this year according to research by LPEQ, the group of European listed private equity companies. The study of 50 family offices across Europe shows they are looking to access private equity through a wide range of strategies and investment vehicles.

LPEQ's research is the largest European study of family office attitudes to private equity to date and includes the views of single family offices, multi family offices and private bank family offices. The research was carried out by Scorpio Partnership, a leading business strategy advisor to the wealth management industry.

Nearly all of the family offices that took part in the study regard private equity as a key asset class for families, reflecting the fact that the majority of families have accumulated their wealth through business or entrepreneurial ventures.

Allocation made to private equity differs between the different types of family office. Multiple family offices and private bank family offices are more likely to have a modest allocation to private equity. This reflects their more conservative, institutional approach to asset management. Single family offices often have far higher allocations to private equity, with over 60% of those single family offices surveyed allocating over 15% of their portfolio to private equity. Because they represent only one family, their risk tolerance is often higher and their portfolios are often more idiosyncratic.

Family offices are keen to maintain an entrepreneurial drive through the generations and private equity investing can promote this spirit.

Andrea Lowe, Executive Director of LPEQ, said "The private equity story will remain a compelling one as families look to buy into the real economy and get away from products."

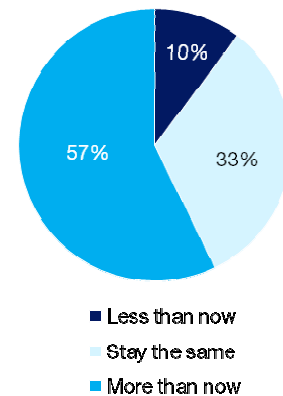
Investment strategies for 2010

Family offices typically access the asset class through a combination of direct investment, limited partnership funds and listed private equity.

While direct investment can give the family involvement and influence, there are liquidity, diversification and administration issues that can make the direct route less attractive.

"Listed private equity offers a combination of liquidity, diversification and ease of access that is attractive to a wide audience in the family office universe. These features mean that listed private equity can offer family offices a complementary route to investing in private equity alongside direct investment and limited partnership funds," added Lowe.

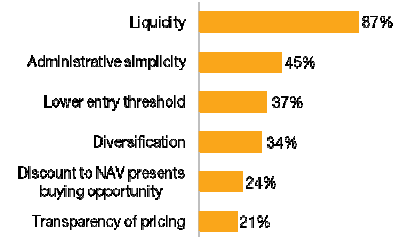
Do you believe your allocation to private equity will increase or decrease over the next 12 months?



Among the family offices that took part in the study, many identified the liquidity benefits of listed private equity. Diversification and administrative ease were also cited as key advantages by mid-sized and smaller family offices.

The high investment thresholds associated with traditional private equity funds can make it difficult for smaller family offices to achieve the diversification they would like.

What do you regard as the benefits of listed private equity for a family office?



Attitudes to private equity are changing

The research findings show that family office attitudes to private equity are changing. Many are considering increasing their exposure to private equity; they believe that economic conditions will continue to present value opportunities; that the post-crisis era may result in a vintage year for private equity; and that an increased exposure to real assets in the wake of the banking crisis and not to financial instruments is the way forward.

Cath Tillotson, Managing Partner at Scorpio Partnership, said, "Private equity is a key asset class for family offices. They have an affinity to the sector, an appreciation for the value opportunities that post-crisis vintage years may offer and value the diversification it provides."

The research for the study was conducted between December 2009 and March 2010. It covers a wide range of investment topics relating to family offices investment in private equity and listed private equity.

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NOTES TO EDITORS

About LPEQ

LPEQ is a group of European listed private equity companies with a combined market capitalisation of over €6 billion. Launched in 2006 (originally as iPEIT), LPEQ's aim is to raise awareness and understanding of listed private equity among the investment community and its commentators.

The members of LPEQ are:

*Conversus Capital LP
Deutsche Beteiligungs AG
Dinamia Capital Privado SCR SA.
Dunedin Enterprise Investment Trust PLC
Electra Private Equity PLC
F&C Private Equity Trust plc
Gimv NV
Graphite Enterprise Trust PLC
HarbourVest Global Private Equity Limited*

*Henderson Private Equity Investment Trust plc
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SVG Capital*

More information is available at www.LPEQ.com

About Scorpio Partnership

Scorpio Partnership is the leading insight and business consultancy to the global wealth industry.

*The firm specialises in understanding the wealthy and the financial institutions they interact with. We have developed four transformational disciplines – **SEEK**, **THINK**, **SHAPE** and **CREATE** – each designed to enable business leaders to strategically assess, plan and drive growth. The solutions Scorpio Partnership develops regularly win awards for its institutional clients and help them financially profit.*

Scorpio Partnership has conducted more than 300 global assignments across wealth for institutions in the banking, fund management, regulation, IT and technology, insurance and charity sectors.

Scorpio Partnership has been voted best global consultancy to the wealth management industry for the three consecutive years (Source: Wealth Briefing). The firm is independent and owned by management.

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