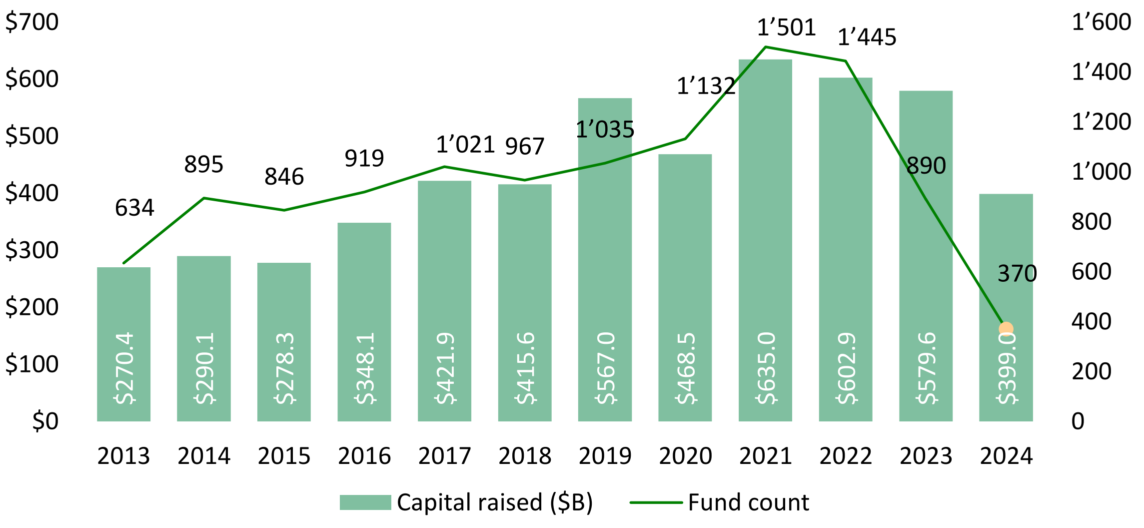
## Setting the scene...

- As we reflect on the year so far, private equity has shown resilience amidst ongoing macroeconomic challenges. Inflation remains a concern, but interest rate adjustments in key regions like the US, UK, EU, and Switzerland have contributed to a **more favorable environment for dealmaking.** The Federal Reserve and Bank of England have started to lower rates, though they remain relatively high. Meanwhile, the European Central Bank has also initiated rate cuts, and Switzerland recently reduced its rate to 1%, marking its third cut in 2024 as part of efforts to support economic stability.

- More a stabilization than a sharp decrease, the era of **low-cost debt financing is clearly over**, shifting the **focus to operational performance and value creation.** Private equity firms that excel in enhancing their portfolio companies' operations are seeing success, especially in high-growth sectors like renewable energy and healthcare, where ESG considerations are driving investor interest.

- Fundraising has remained strong, with **significant capital concentrated in mega-funds**, while exit activity is showing signs of recovery, particularly through IPOs in Europe and the continued use of continuation funds for liquidity in the US. As opportunity costs decrease and market conditions improve, we believe the more severe turbulences are behind us. However, investors' confidence in private markets is strongly correlated to the distributions they receive from previous commitments. **Therefore, further liquidity improvements in 2025 – through various exit channels – will be essential** to fully reassure them.

**Global PE Fundraising activity**



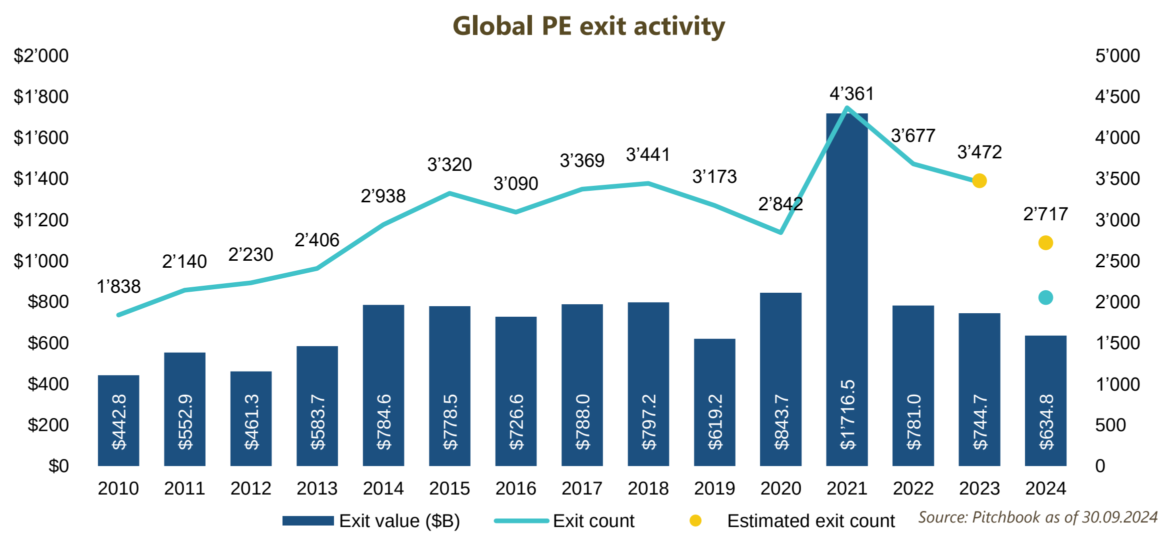

*Source: Pitchbook as of 30.09.2024*

## 2024 YTD Exit Focus :

- **Exit activity is picking up in both regions.** In Europe, exit value surged by 90% quarter-on-quarter (QoQ) in Q2, driven by 23 mega-exits, including 10 PE-backed IPOs, positioning 2024 as the strongest year for PE-backed IPOs since 2021. However, when excluding the outlier year of 2021, exit values are returning to normalized levels, comparable to the past decade's average. In Q3, exit activity slowed in Europe, with only two smaller IPOs, and exit values are projected to remain flat year-on-year. Many IPOs from the first half of 2024, including Douglas, are currently trading below their listing price, reflecting the challenging exit environment.

- In the US, exits saw a modest 15% increase in Q2 compared to last year, with larger exits driving a stronger rebound in Q3. For example, the public listing of Viking River Cruises, valued at $10.1 billion, was one of the largest exits in 2024. Additionally, sponsor-to-sponsor deals increased significantly, with 133 exits accounting for $42 billion in Q3 alone (51.1% of Q3 PE exit value). One notable exit is Bain Capital and Charlesbank Capital Partners' sale of Varsity Brands to KKR for $4.8 billion, further driving US exit value recovery.

- The current lower interest rate environment is improving investor appetite. **As rates stabilize, the opportunity cost for private equity investments decreases, encouraging new capital commitments.** With stronger portfolio fundamentals and improving exit opportunities, we expect continued exit activity in the coming months, providing reassurance to investors. However, we believe investors will be completely reassured when synthetic liquidity (such as continuation funds and NAV lending) represents a lower proportion of distributions paid back to investors. In other words, **larger and more frequent successful IPOs** will need to happen, as well as **trade sales** (exits to strategic buyers) returning to their historic average of near 50% of total exits.



*Source: Pitchbook as of 30.09.2024*

## 2024 YTD investment illustrations

### Silver Lake takes full control of Endeavor Group

In April 2024, Silver Lake took Endeavor Group (a global sports and entertainment company) private in a $25 billion deal. Endeavor, formerly WME-IMG, had grown significantly under Silver Lake's initial investments. The $27.50 per share offer represented a 55% premium to its previous trading price.

### Blackrock acquires Preqin

In June 2024, BlackRock acquired Preqin, a leading private markets data provider, for £2.55 billion ($3.2 billion). Preqin will integrate with BlackRock's Aladdin platform to enhance its private markets data and investment technology.

### Douglas' IPO in April 2024

In April 2024, Douglas, the German beauty retailer, launched its IPO at €26 per share, placing 32.7 million newly issued shares and raising €890 million, with a total company valuation of €6.3 billion. The IPO facilitated the exit of CVC Capital Partners, its majority shareholder since 2015

### Permira takes Squarespace private

In May 2024, Permira acquired Squarespace for $6.9 billion in a take-private deal. Previously owned by founder Anthony Casalena, General Atlantic, and Accel, the transaction was a 36% premium over the 90-day average trading price (44$ per shares).

## Case Study – Co-investment

### Overview of the Investment

- In March 2023, Bordier & Cie co-invested with Ethemba Capital in CVH Spirits, a renowned Scotch whisky distillery business. This investment focused on acquiring a stake in a unique company with strong brand recognition, including popular names like Bunnahabhain, Deanston, and Tobermory.

### Exit Transaction

- In September 2024, Bordier & Cie successfully exited its investment in CVH Spirits, as Ethemba sold its significant minority stake in CVH to Campari Group for £73.1 million, valuing the company at a £510 million enterprise value (EV). This valuation reflects a substantial premium, highlighting the strategic importance of CVH Spirits in the whisky market.

### Why We Invested

- Bordier & Cie's thesis for investing in CVH Spirits was based on the company's unique position as one of the last independent Scotch whisky distilleries. With its well-known brands and a valuable stock of aged whisky, the company had both growth potential and built-in protection from market volatility. This made it a good investment opportunity given the reasonable entry valuation and an attractive risk-return profile.

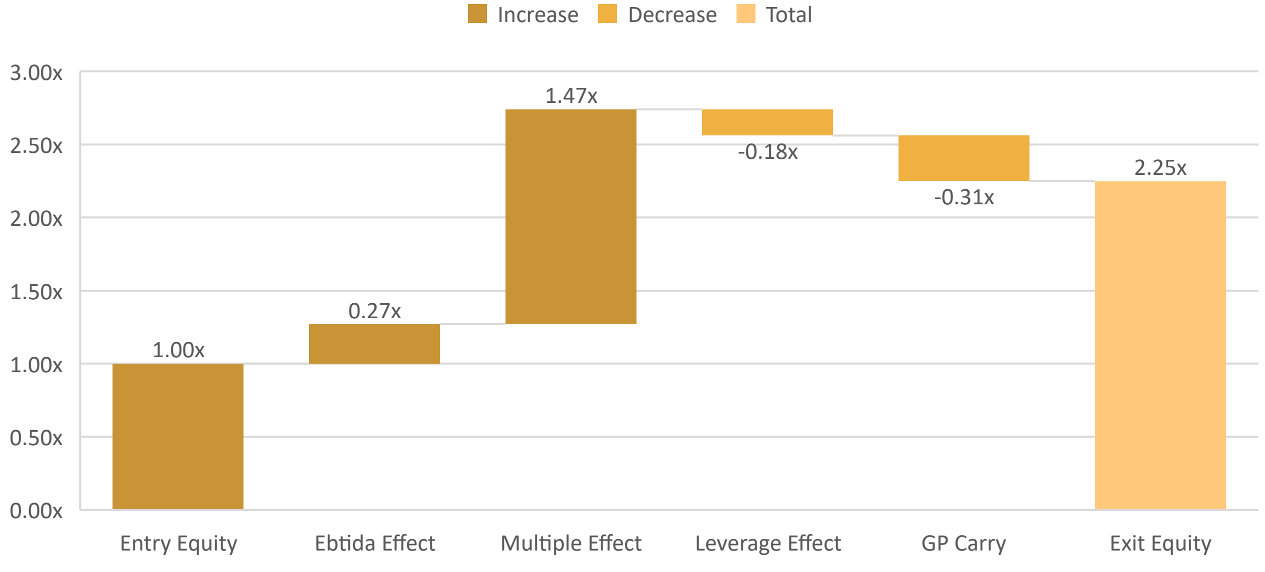
### Investment Returns

- Bordier clients achieved a 90% annualized return (net IRR) over 18 months, with a 2.25x multiple on their original investment, outperforming the planned 5-year exit horizon and demonstrating the benefit of seizing the right opportunities.

### How Returns Were Generated

- The graph breaks down the 3 standard sources of returns in Private Equity:
- **EBITDA Effect:** This reflects the improvement in the company's operating performance. CVH Spirits became more profitable during the holding period, increasing its value (Δ EBITDA × Entry multiple).
- **Multiple Effect:** The market paid more for each pound of profit by exit, driven by the premium Campari placed on acquiring valuable whisky brands and reinforcing its footprint on the whisky segment (EBITDA at exit × Δ multiple).
- **Leverage Effect:** The increase of net debt slightly reduced returns but was outweighed by the company's improved profitability and the premium sale price (Δ Net debt).

**CVH Equity Returns by Levers**



## PE managers backed by Bordier recently

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