

# LPEA

Newsletter

LUXEMBOURG PRIVATE EQUITY &  
VENTURE CAPITAL ASSOCIATION



**Dear Reader,**

Although Luxembourg is well known for private equity, it was the place this month for venture capital to take the headlines.

Mangrove Capital Partners, the Luxembourg-based managers behind investments such as Skype and Wix, successfully made a first close at \$170m of its 5th fund. It definitely remains a major player in the European VC space and we can't wait to hear from the next success stories.

The Luxembourg Digital Tech Fund also released the names of the 2 first investments of this public-private fund set up in 2016. Expon Capital, the managers of the fund, remain very selective and committed to engage startups willing to grow from Luxembourg.

I must also highlight this month the passion and commitment that spread with our latest Young Leaders initiative. After a first meeting by end of June, many "young" members volunteered and are bringing new ideas to innovate the sector and the association.

Wishing you a good summer break!

*Paul Junck*

*Managing Director  
LPEA*



## Upcoming Events

### RECENT PUBLICATIONS



- [Annual Report 2016](#)



- [Capital V #9](#)



### LPEA roadshow in Paris

20/09/2017, Cercle de l'Union Interalliée

A delegation from the Luxembourg private equity and venture capital community will visit Paris in September to share an update on the latest developments of its private equity platform. With increased regulation affecting the industry's activity, investors and service providers will discuss the features of the Luxembourg toolbox and share insights on operational aspects faced by asset managers.

To join this event please register [here](#).

###

Save the date to:

### LPEA/ ALFI/ LFF Financial Seminar in New York on October 17th

A Luxembourg seminar featuring the whole range of Luxembourg investment funds from UCITS to Alternatives. Meet and exchange with a Luxembourg delegation headed by the Luxembourg Minister of Finance Pierre Gramegna.

### LPEA Roadshow in London on October 26th

A presentation to private equity and venture capital managers willing to learn more about the Luxembourg toolbox with a focus on practical aspects and supported by testimonials of managers and other experts dealing with the two jurisdictions.



## Past Events



- [Private Equity in Luxembourg](#)

- [Limited Partnership in Luxembourg](#)



**Castik Capital** completes [acquisition of the Transport Services unit of Wolters Kluwer](#), expanding its presence in the logistics software space after its earlier investment into inet logistics.

**EQT** to [Acquire Belgian Mobile Filtration Technology Provider Desotec](#) From AAC

**Expon Capital** is looking for an [Investment Associate/Analyst](#) (Europe).

Seven professionals [admitted to partnership](#) as of 1 July 2017 at **EY Luxembourg**.

**HLD Group** released a new [press summary](#) featuring its history, portfolio and case studies.



### GP Club Meeting at the Skyliner

LPEA invited its GP/LP community to rise up to the 80 meters-high City Skyliner installed next to Luxembourg's Gëlle Fra Statue. Despite the rainy day, clouds were high enough for a clear view and spirits were high among the 20 members who enjoyed the temporary view over the city. Networking, as expected, flowed easily, with the tower being an ice-breaker for those joining for the first time. The group moved afterwards to a nearby bar where talks lasted for a couple more hours. [\[more pictures\]](#)



## Guest Article



by Dušan Gladović, Legal and Regulatory Manager of LPEA

### Regulatory Update

The European Parliament and Council agreed on amending the EuVECA and EuSEF regulations to:

1. include larger fund managers, i.e. those with assets under management of more than €500 million, who will now be able to market and manage EuVECA and EuSEF funds;



**Mangrove Capital Partners**, one of Europe's leading early stage venture capital firms, has [raised \\$170 million for its latest fund](#). *(Techcrunch)*

[Interview with Vincent Lebrun](#), private equity leader of **PwC Luxembourg**, about the Private Equity industry in view of Brexit. *(Paperjam)*. PwC Luxembourg also notes the [appointment of 7 new partners](#).

**SwanCap Investment Management S.A.** is looking for an intern to its [Fund Controlling](#) department in Luxembourg.

**Wildgen** confirms its growth with the [nomination of two Partners](#), notably Lionel Bonifazzi and Isabelle Charlier.



### Other industry events

*September 11-13*

#### [SuperReturn CFO/COO Forum](#)

Benchmark best practice; Identify potential risks; Discover new technologies.

*Amsterdam*

*10% discount to LPEA Members*

*September 19-20*

#### [Global Distribution Conference](#)

Unique gathering of the full fund distribution value chain players.

*Luxembourg*

*September 21*

#### [UK Private Equity Conference](#)

The Annual UK Private Equity Conference is a meeting point for LPs, GPs and CxOs.

2. extend the range of companies in which EuVECA funds can invest to include unlisted companies with up to 499 employees (small mid-caps) and SMEs listed on SME growth markets.

This amendment is a step forward for the financing of SMEs, the backbone of European economies. It is one in a series of measures aiming at achieving the Capital Markets Union. Another measure is the Prospectus Regulation published on 30 June 2017 repealing the former Prospectus Directive of 2003.

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Picking up the topic of the last newsletter, ESMA has meanwhile issued an opinion regarding the relocation of investment managers from the UK. This opinion concerns both UCITS and AIF managers. Point 61 of this Opinion states that:

“In the context of relocations, NCAs should be satisfied that relocating entities have transferred a sufficient amount of portfolio management and/or risk management functions for the relevant funds to their new home Member State. Granting authorisations to relocating entities should not result in a situation in which these entities could continue to perform substantially more portfolio management and/or risk management functions for the relevant funds in their original Member State or third country on a delegation basis and therefore also maintain substantially more relevant human and technical resources there despite a relocation. Moreover, such a situation would contradict the requirement that authorised entities must have both their head office and their registered office located in the same Member State.”

The Opinion leaves some leeway to national financial regulatory authorities to appraise each AIFM authorisation / relocation request, structure and delegation arrangement according to objective criteria, as stated in article 76 of the AIFMS Level 2 Regulation. This article lists four criteria for assessing whether the delegation structure (e.g. Luxembourg AIFM with delegation to investment team in London) is based on objective criteria: optimising of business functions and processes, cost saving, expertise of the delegate in administration or in specific markets or investments, access of the delegate to global trading capabilities.



## LPEA welcomes new members

### New full member:

[2be.lu Investments SCS](#) is an independent VC Fund Manager focused on early stage investments in market places B2B/ B2C as well as SaaS businesses.

### *Special discount to LPEA Members*

*September 26-27*

#### **Luxembourg Delegation to Beijing and Shanghai**

Take part in this delegation led by the Minister of Finance Pierre Gramegna and which will include the participation of LPEA's Managing Director Paul Junck speaking on Private Equity in Luxembourg. *Beijing & Shanghai, China.*

*September 26-28*

#### **SuperReturn Infrastructure**

SuperReturn Infrastructure is all set to return to London again this September with over 170 GP and LP attendees.

London

*20% discount to LPEA Members*

*September 28*

#### **International Tax for Investment Managers - The 2017 Practitioners' Forum**

The only Forum to address the practical impact of key International Tax developments on Managers and Funds.

London

*20% discount to LPEA Members*

*October 10-12*

#### **Training for valuation oversight professionals**

Delivered by EY Luxembourg. Registration can be done through the following [link](#).

Luxembourg

*October 12-13*

#### **Integrating Responsible Investment (training)**

This training course offers practical knowledge and provides guidance on implementing responsible investment related strategies and processes, relevant for both the GP and the LP community.

London

*15% discount to LPEA Members*

*November 14-17*

#### **SuperInvestor**

The annual SuperInvestor will gather +1000 participants to understand how will private equity navigate through the new world

## New associate members:

[Augentius \(Luxembourg\) S.A.](#) is authorised as a Professional of the Financial Sector ("PSF") providing fund administration and domiciliation services to fund and corporate vehicles. Following the introduction of the AIFMD, services were extended to provide Depositary Services.

[Casa4funds S.A.](#) is a mid-sized AIFM and UCITS Management Company, employing 31 employees across 2 countries, 21 in Luxembourg and 10 in Lugano, Switzerland. Casa4Funds currently manages 20 funds (68 sub-funds) and around 2.5 billion Euros of assets.

[RSM Tax & Accounting Luxembourg S.à.r.l.](#) is a Luxembourg based service firm providing audit, tax, accounting, advisory and payroll services.

[ValuePartners S.A.](#) offers tailor-made accounting & consolidation, tax advisory & compliance and domiciliation & corporate solutions with a particular focus on private equity, real estate and debt funds.

order and who is best placed to unlock value.

*Amsterdam*

*10% discount to LPEA Members*

*November 28-29*

### **[Capital Structure Forum 2017](#)**

*Europe's largest private debt focused event returns. Join over 250 peers to discuss the evolution of private lending, meet with leading investors, and evaluate fund offerings in Europe and beyond.*

*London*

*10% discount to LPEA Members*

*December 4-6*

### **[SuperReturn Africa](#)**

*Where the African private equity community comes together to be inspired and discover new opportunities*

*10% discount to LPEA Members*



## LUXEMBOURG



- **Mangrove raises \$170m to fund start-ups in Europe and Israel**  
Mangrove Capital Partners, the Luxembourg-based VC founded in 2000, announced the first close of its 5th fund at \$170m. With cumulated AuM of roughly \$1 billion, the firm expects the fund to close at \$225m-\$250m during the fall. Mangrove's strategy will remain well focused on start-ups, investing small tickets in early stage businesses in Europe but also in Israel where the team scouted Wix back in 2008 and which is, to date, the firm's most profitable exit generating a \$550 m value from an \$8 m investment. Skype, exited to Ebay in 2005 was, nonetheless, the deal that placed Mangrove in the international charter of VC firms. [[read full article](#)]
- **First Investments announced to the Digital Tech Fund.**  
The Minister of the Economy Étienne Schneider, announced



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on July 10th the first two investments by the public-private Digital Tech Fund (DTF). The companies selected to receive each €500.000 are iTravel (Cologne, Germany) and Nektria (Barcelona, Spain). Both firms already have established entities in Luxembourg and will in the coming months increase their staff and operations in the country. Expon Capital, the venture capital firm responsible for the management of the DTF fund, reports having received 2000 applications of which 200 were profiled. A heavy task which exceeded the managers' expectations but which now concludes with the first two investments. [[press release](#)]

- New Luxembourg City hub for startups: [Bientôt 4 200 m<sup>2</sup> pour les start-up à Luxembourg](#) (*Le Quotidien*)
- [Northern Trust picks Luxembourg over Ireland for post-Brexit hub](#) (*The Telegraph*)

## EUROPE

- Invest Europe: [European Venture Capital - The Acceleration Point: Why Now is the Time for European Venture Capital](#) - European venture capital fundraising reaches highest level since 2007.
- ESMA (34-45-344): [Opinion to support supervisory convergence in the area of investment management in the context of the United Kingdom withdrawing from the European Union.](#)
- [Five industry bodies comment on EU distribution of funds proposals](#)
- [Capital Markets Union: EU agrees to more support for venture capital and social enterprises](#)
- Invest Europe's Guide to [European Regulation on Packaged Retail Investment and Insurance Based-Products \(PRIIPS\)](#)
- EIF Working Paper 2017/43, "[European Small Business Finance Outlook](#)"

## INTERNATIONAL

- The OECD released a [draft update document outlining anticipated changes to the 'Model tax Convention' applying to Private Equity firms.](#)
- [Private Equity Fund Managers Raise Fees in 2017 Amid Booming Demand](#) (Chief Investment Officer)
- [Will Private Equity Eat Itself?](#) (*Institutional Investor*)



The Luxembourg Private Equity and Venture Capital Association (LPEA) is the representative body of private equity and venture capital professionals in Luxembourg.

With 152 members, LPEA plays a leading role in the discussion and development of the investment framework and actively promotes the industry beyond the country's borders.

Luxembourg disposes of a stable tax regime and is today at the forefront of international PE regulation providing a flexible, secure, predictable and multi-lingual jurisdiction to operate in.

LPEA provides a dynamic and interactive platform for its members to discuss and exchange information and organises working meetings and networking opportunities on a regular basis.

If Luxembourg is your location of choice for private equity, LPEA is where you actually join the industry!

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