



**Capital Partners**  
your partner for alternative investments

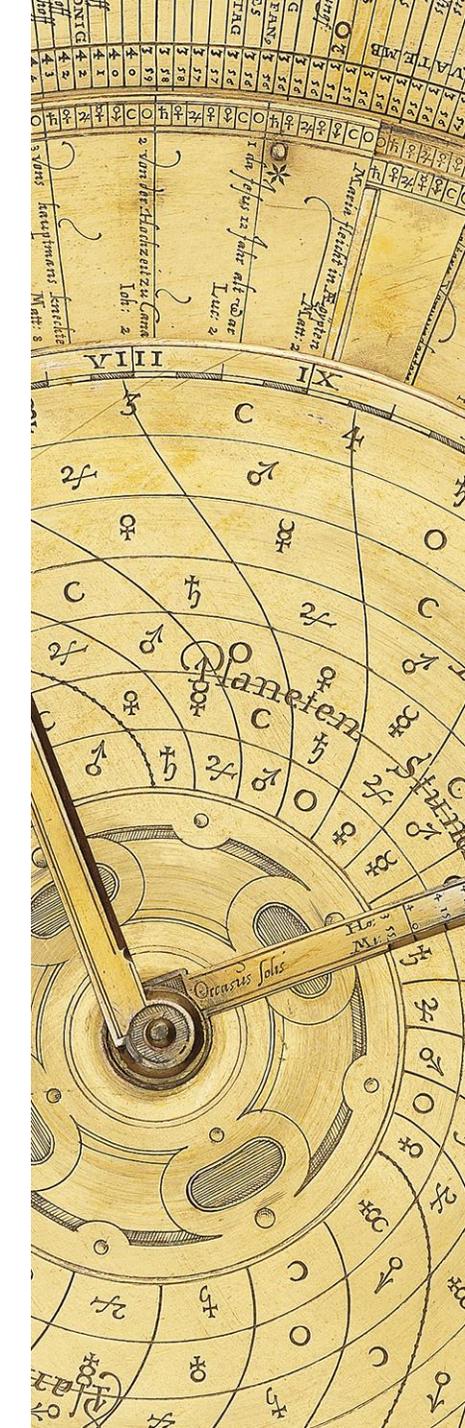
## LGT Multi-Alternatives Strategy

Building and implementing evergreen exposure to private markets and alternative investments

**Seminario tecnico Mefop : Investire nei mercati privati: istruzioni per l'uso  
Roma, 28 Novembre 2019**

Barbara Brida, Executive Director, LGT Capital Partners

This document is being provided to institutional/qualified investors for discussion purposes only in connection with a proposed investment product. The structure and terms are of preliminary nature and are subject to change. Launch of the product is subject to regulatory authorisation and is not guaranteed.



## Risk factors

Potential investors should carefully consider the strategy's risks. The risks include, without limitation:

- **Alternative investments are speculative, involve complex instruments, and carry a high degree of risk.** Such investments generally involve additional risks including higher levels of borrowing, limited transferability of investments, reduced investor protection, and less information to investors than would apply in major securities markets. An investment should only be made by those persons who could sustain a loss on their investment and is only suitable for professional investors.
- Investments can be subject to illiquidity, meaning there may be no buyer or seller available when the investor desires to invest or divest.
- The value of investments may be affected by uncertainties such as political developments, changes in government policies, changes in taxation, restrictions on foreign investments and currency repatriation, unfavorable exchange rate movements, and other developments in the laws and regulations of countries in which investments are made. This product may include investments in emerging markets. Emerging markets investments present heightened political risks, economic risks, credit risks, exchange rate risks, market liquidity risks, legal risks, settlement risks, market risks, shareholder risk, and creditor risk.
- Additional risks include: (i) substantial or total loss on the investment due to extensive use of short sales, derivatives and debt capital, (ii) incentives to make investments that are riskier or more speculative due to performance based compensation, (iii) volatility of returns, (iv) potential lack of diversification and resulting higher risk due to concentration, (v) high fees and expenses that may offset profits, (vi) no requirement to provide periodic pricing or valuation information to investors, (vii) complex tax structures and delays in distributing important tax information, (viii) fewer regulatory requirements than registered funds, (ix) credit risks i.e. the failure of counterparties to meet contractual financial obligations and (x) operational risk due to insufficient internal processes or systems, misbehavior of staff or external circumstances.
- With regard to private markets investments specifically, investors are required to contribute capital as and when requested, any default may trigger substantial penalties, and prior distributions to investors can be recalled, and investors may be bound to lock-up periods as lengthy as 15 years.

# Important information

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# A global multi-alternatives platform

USD 60bn AuM

>500 staff

Privately owned



*Investment competencies*

Private markets

Liquid alternatives

Multi-assets

Source: LGT Capital Partners  
 Data as of 30 June 2019. AuM data is estimated and subject to change. Private equity and real estate assets are stated in terms of committed capital.  
 Please see the glossary for additional information regarding LGT Capital Partners.

# Sophisticated institutional investor base

>550 clients

37 countries

## Insurance companies



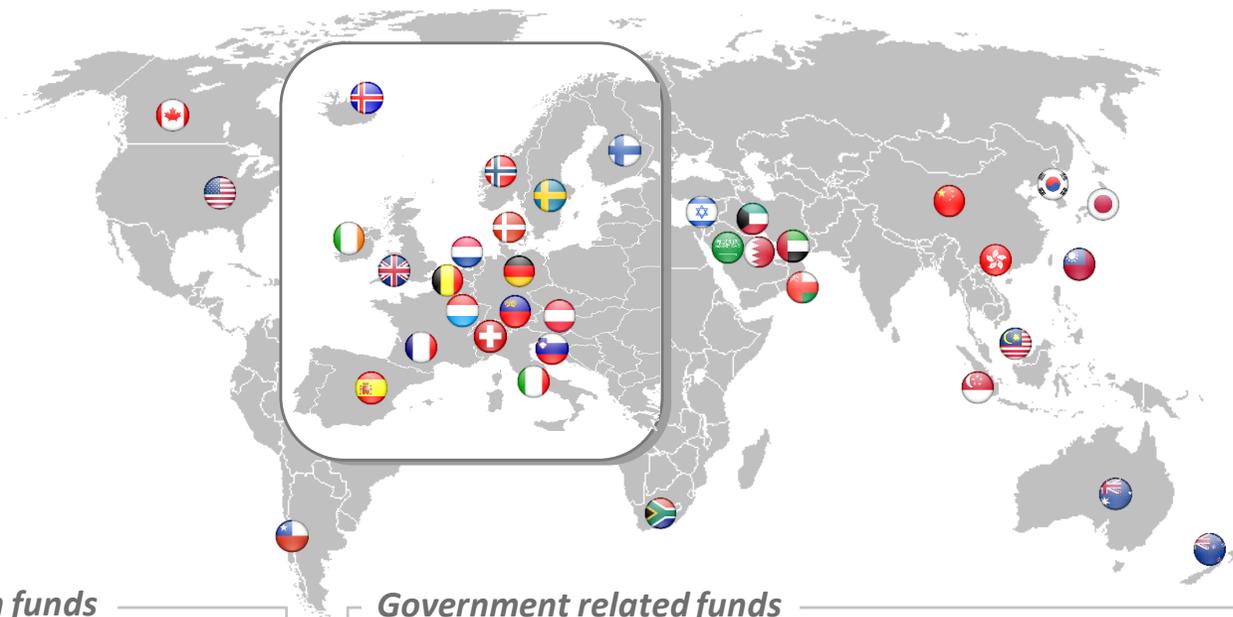
## Endowments



## Corporate/industry-wide pension funds



## Government related funds



Source: LGT Capital Partners

Data as of 30 June 2019. Clients listed include direct clients of LGT Capital Partners and investors in funds managed or advised by it. Clients listed were selected to demonstrate the extensive types of clients served by LGT Capital Partners. Inclusion in the list does not indicate approval or disapproval by any of the clients of LGT Capital Partners, or the services rendered by LGT Capital Partners to the relevant client.

# Expertise in multi-alternative solutions

Private equity	Alternative income	Liquid alternatives
<ul style="list-style-type: none"> <li>▪ Primaries</li> <li>▪ Secondaries</li> <li>▪ Co-investments</li> <li>▪ Direct equity transactions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Private debt</li> <li>▪ Real Estate</li> <li>▪ Infrastructure</li> <li>▪ Insurance-linked strategies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Systematic</li> <li>▪ Discretionary</li> <li>▪ Defensive</li> </ul>
<i>Capital growth</i>	<i>Income generation</i>	<i>Capital protection</i>

## ESG/Sustainable investing



LGT Capital Partners  
Private Equity Fund of Funds  
Manager of the Year



EURO  
BÖRSE  
FONDS



PRIVATE EQUITY INTERNATIONAL  
AWARDS 2018  
Fund of funds of the  
year in Asia



PRIVATE EQUITY  
EXCHANGE  
&  
AWARDS  
2018 SILVER



LGT Capital Partners  
Private Equity Fund of Funds  
Manager of the Year



AsianInvestor  
ASSET MANAGEMENT  
AWARDS 2018

LGT Capital Partners  
Alternatives Fund House  
of the Year



AsianInvestor  
ASSET MANAGEMENT  
AWARDS 2017

LGT Capital Partners  
Alternatives Manager  
of the Year



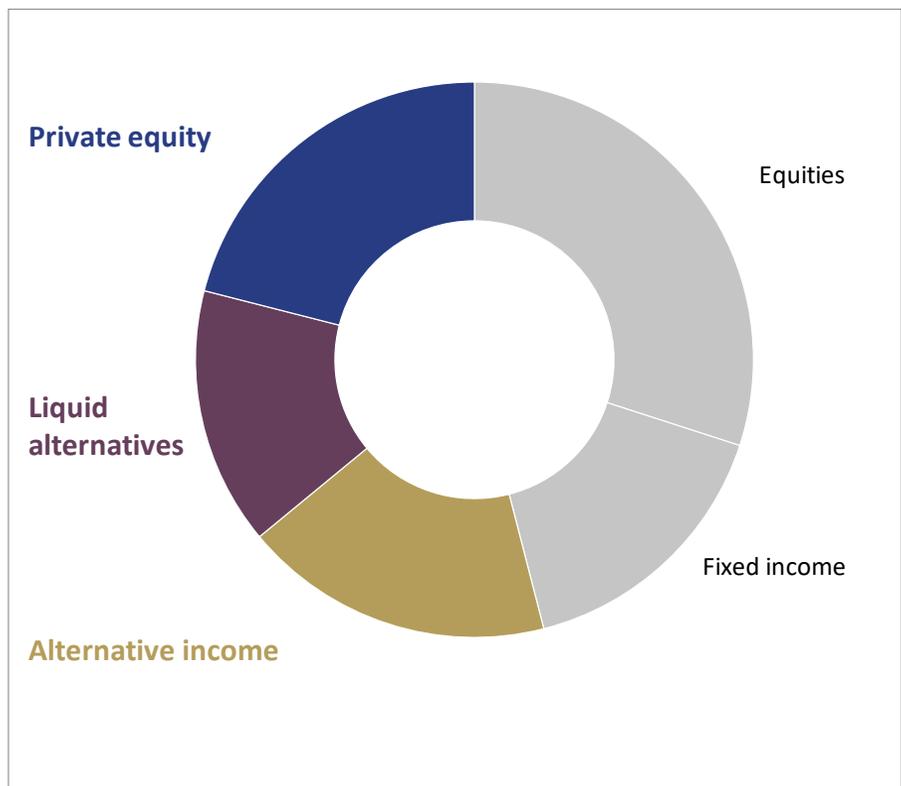
WINNER OF THE 2017  
THOMSON REUTERS  
LIPPER FUND AWARDS

Source: LGT Capital Partners  
 The awards are for information purposes only and should not be construed as an endorsement of LGT Capital Partners or its products. Awards are not indicative, representative or a guarantee of any investor's experience with LGT Capital Partners. Please refer to the respective websites of the sponsors to these awards for more information regarding the criteria and manner in which such awards are determined.

**Past performance is not a guarantee, nor an indication of current or future performance. Returns may increase or decrease as a result of currency fluctuations.**

# Our DNA: managing Europe's leading endowment fund

USD 12bn AuM      >50% in alternatives      20-year track record

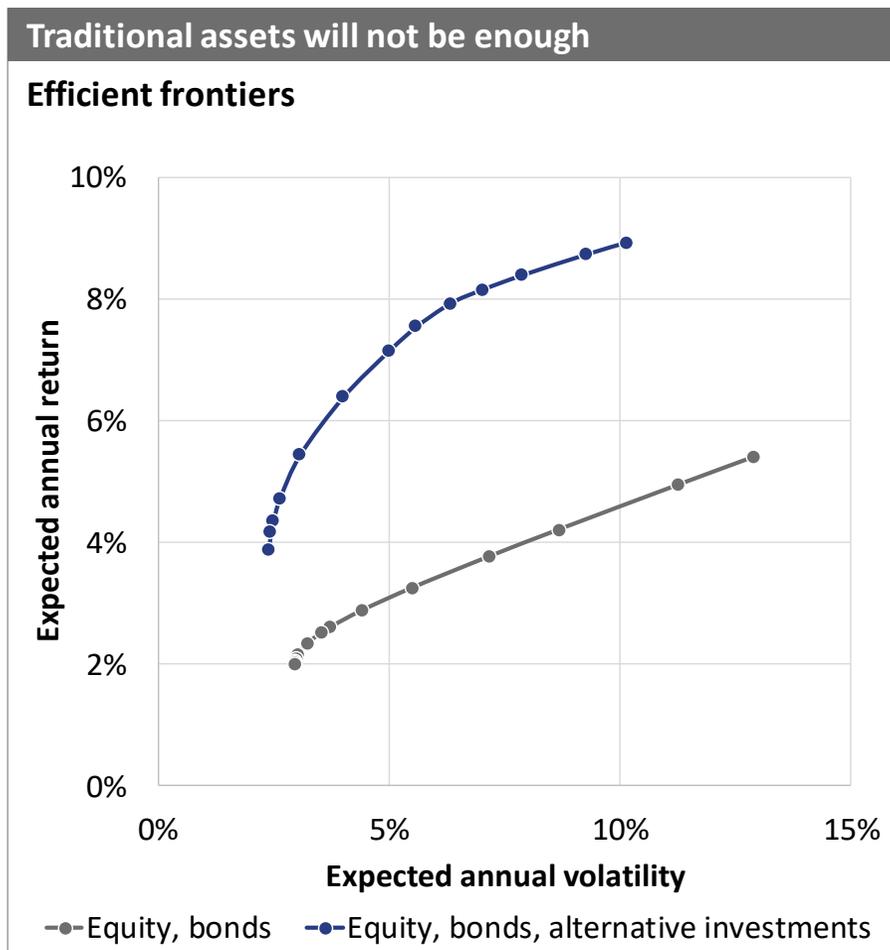
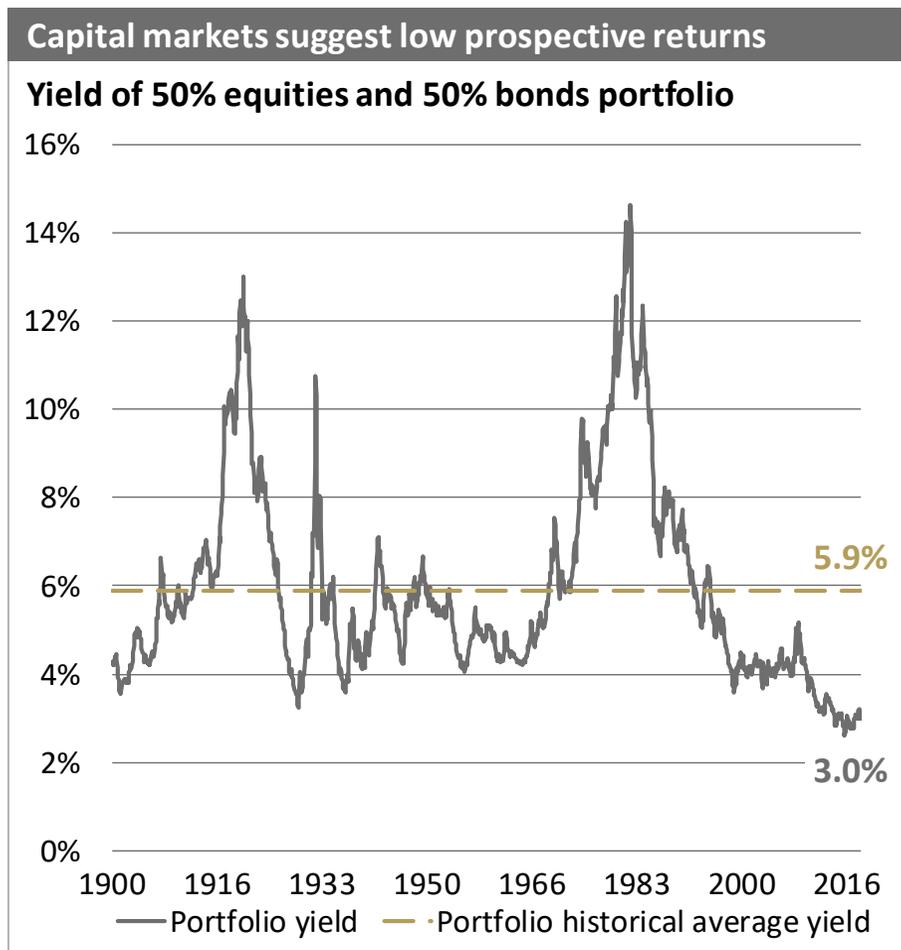


**Potential benefits of including alternative investments compared to 50:50 portfolio:**

**Higher risk-adjusted returns**  
**Lower beta**  
**Higher ratio of positive months**

Source: LGT Capital Partners  
 Data from January 1999 to June 2019, relates to the underlying LGT Group Endowment program in USD gross of fees. Management fees and other fees will influence the performance negatively. The LGT Group Endowment follows the same investment approach to that used for the Princely Family of Liechtenstein. Assets include shareholder, staff and client investments.  
**Past performance is not a guarantee, nor an indication of current or future performance. Returns may increase or decrease as a result of currency fluctuations.**

# Alternative investments are essential in a low return world

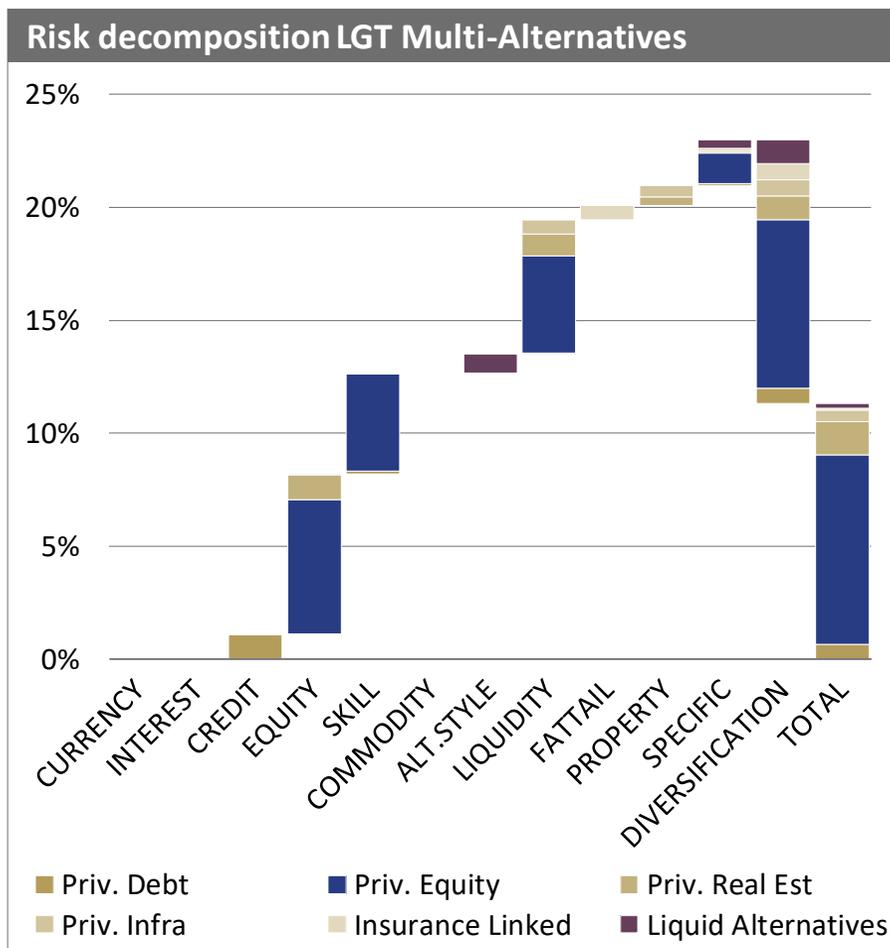
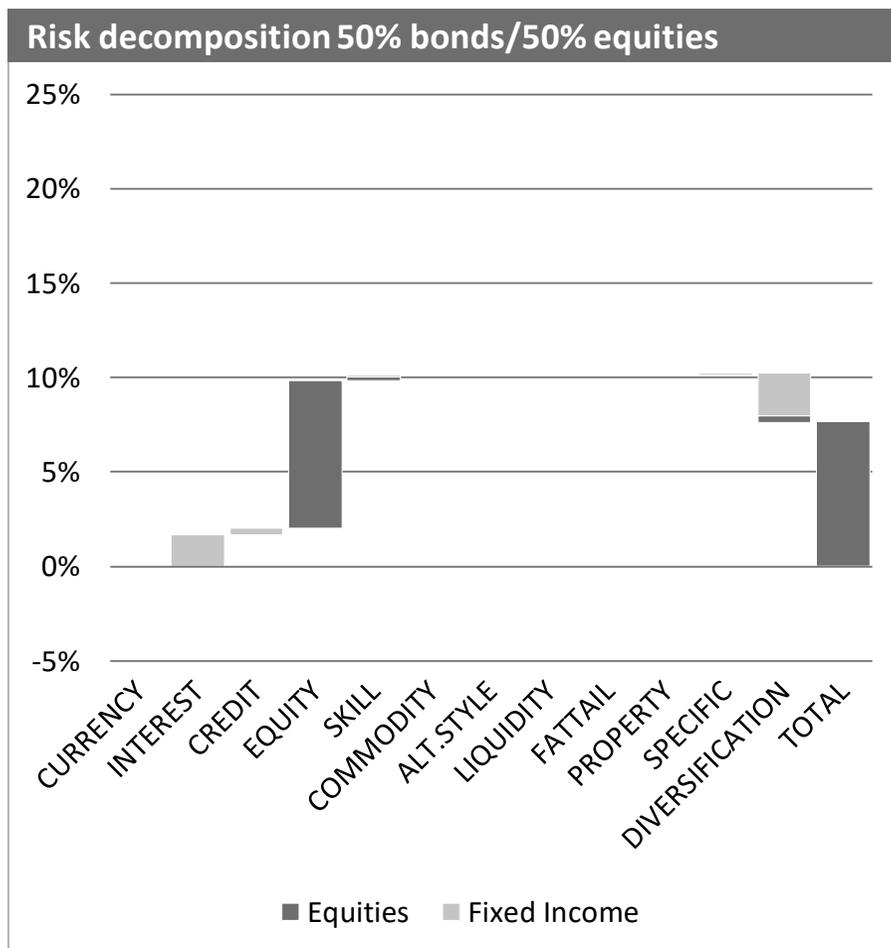


Source: LGT Capital Partners, Datastream, Morningstar

Efficient frontiers based on return expectations over a horizon of 5 years.

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# Alternative investments are essential in a low return world



Source: LGT Capital Partners

**Past performance is not a guarantee, nor an indication of current or future performance. Returns may increase or decrease as a result of currency fluctuations.**

## Unique alignment of interest between LGT CP and its clients

### Principal investor focus



Focus on risk-adjusted returns



Early movers



Try and test strategies before offering to clients



Stable asset base and long-term investments



High co-investment ratio

### Benefits for clients

- Prudent investment approach
- Strives for superior long-term results
- New sources of return
- Preferred access
- Established track record
- Partner with clients to share what works
- Pricing power
- Low operating costs
- Alignment of interest
- Focus and determination

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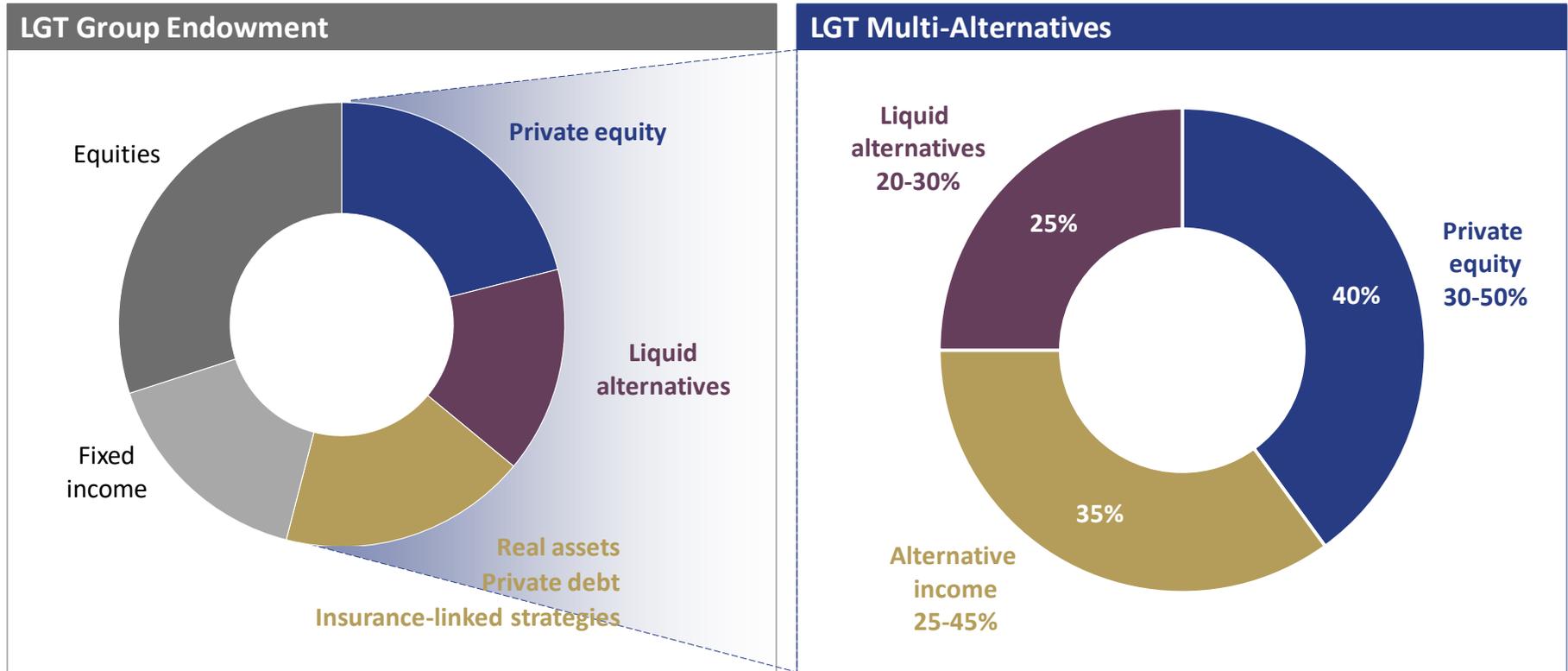
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# Access to a proven portfolio of alternative investments



## Investment objective LGT Multi-Alternatives

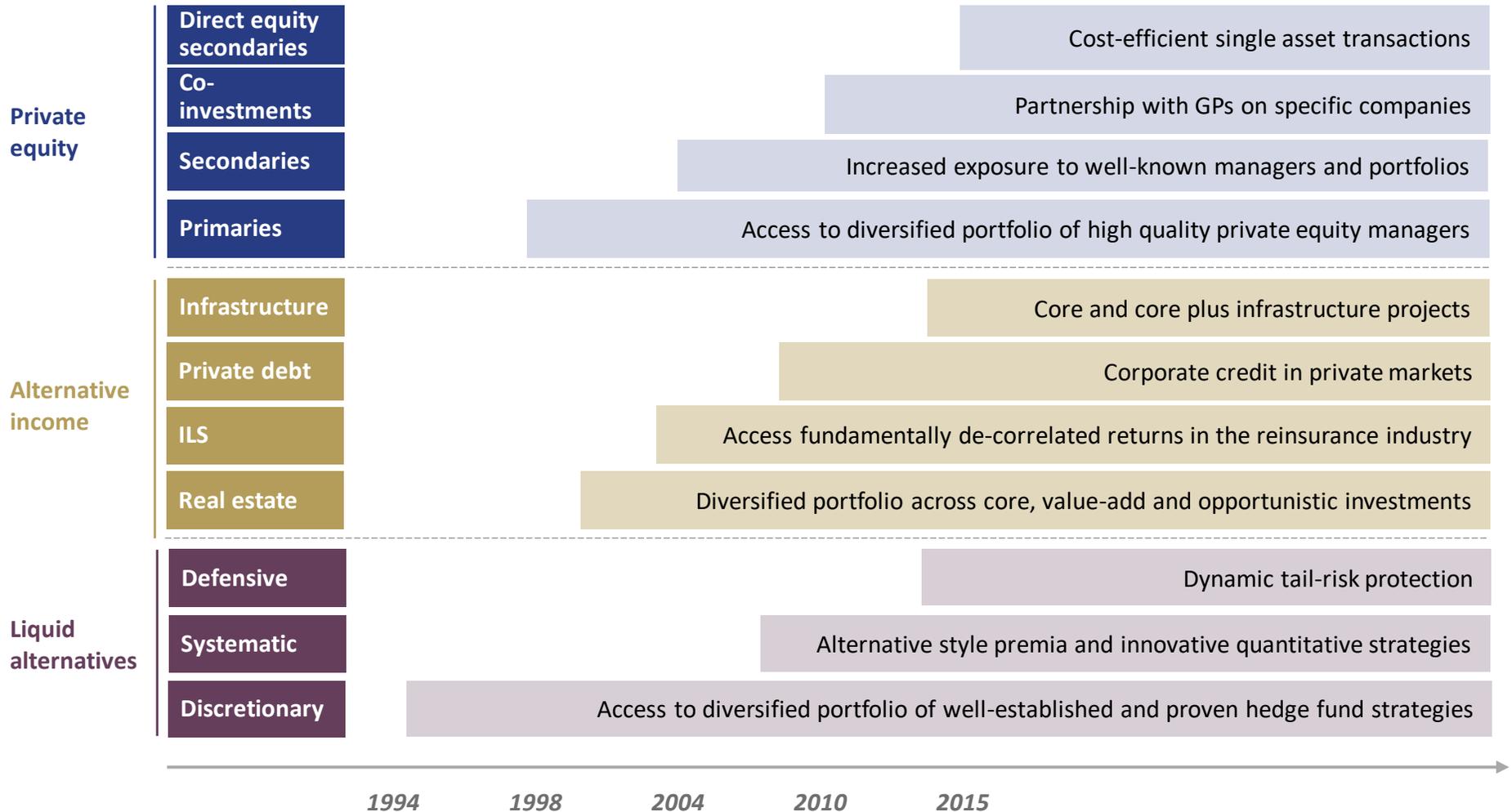
- Target return: 7 – 9% p.a. over a market cycle with a volatility of 6 – 8% p.a.
- Low correlation to traditional markets

Source: LGT Capital Partners  
Data as of 31 December 2018

The LGT Group Endowment follows the same investment approach to that used for the Princely Family of Liechtenstein.

**Past performance is not a guarantee, nor an indication of current or future performance. Returns may increase or decrease as a result of currency fluctuations.**

# 20+ years experience in alternative investments



# Global and proven investment team

## Strategic Advisory Board (meets quarterly)

<b>Roberto Paganoni</b> CEO, Managing Partner 22*/23** 	<b>Ivan Vercoutère</b> Managing Partner 21/29 	<b>Thomas Weber</b> Managing Partner 29/29 	<b>Pius Fritschi</b> Managing Partner 10/29 
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## Investment Committee (meets monthly)

<b>Thomas Weber</b> Managing Partner <sup>1</sup> 29/29 	<b>Stephan Kind</b> Partner <sup>1</sup> 24/24 	<b>Raimund Seeholzer</b> Partner <sup>1</sup> 15/19 	<b>Sascha Gruber</b> Partner <sup>1</sup> 16/17 	<b>Pascal A. Pernet</b> Principal 6/22 	<b>Pauline Wetter</b> Executive Director 8/11 
-------------------------------------------------------------------	----------------------------------------------------------	---------------------------------------------------------------	-----------------------------------------------------------	--------------------------------------------------	---------------------------------------------------------

Supported by dedicated investment and risk management teams:

Rafael Silveira (New York), Antonio Ferrer (Hong Kong), Jérôme Baume, Hartmut Nagel, Stefan Oehri, Samuel Weissen (all Pfaeffikon)

## Investment Professionals

<b>Private Equity/Infrastructure</b>	<b>Alternative Income</b>	<b>Liquid Alternatives</b>
+60 professionals	+40 professionals	+50 professionals

## Supporting Functions

<b>Asset Allocation Research</b>		<b>Risk Management</b>	
<b>Walter Pfaff</b> Managing Partner 26/28 	+13 professionals	<b>Werner von Braun</b> Managing Partner 14/30 	+26 professionals

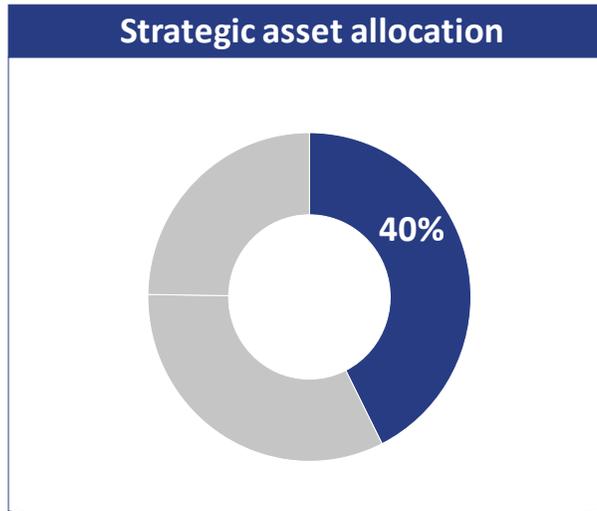
1 Co-Portfolio Manager of LGT Multi-Alternatives Fund / \*years at LGT CP / \*\*years of work experience

Data as of 30 June 2019

Source: LGT Capital Partners

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# Private equity



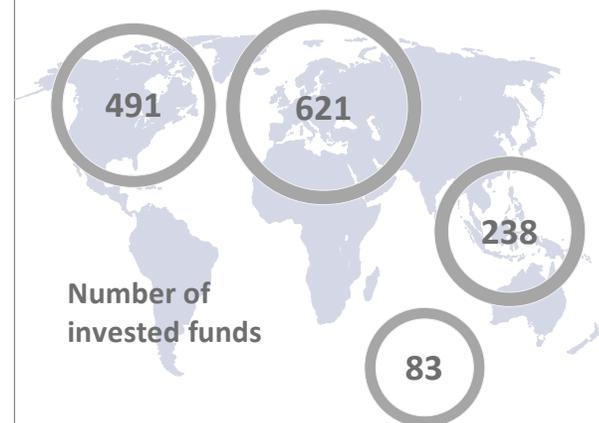
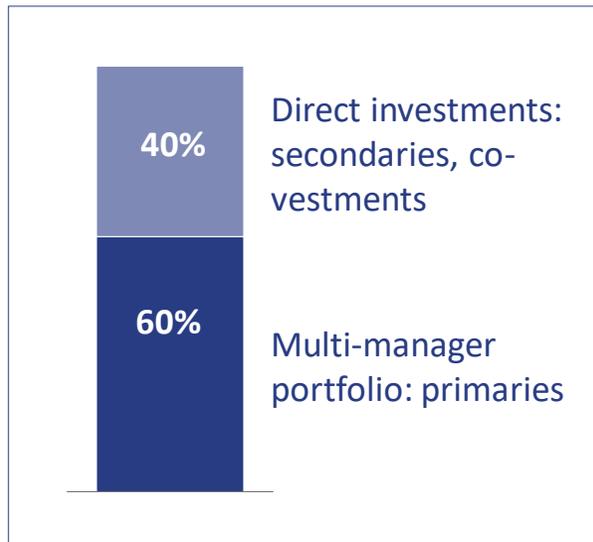
- Generate long-term capital growth
- Access to highly diversified evergreen portfolio
- Instant access
- No J-curve

**Investment opportunity:**  
Access to capacity constrained strategies

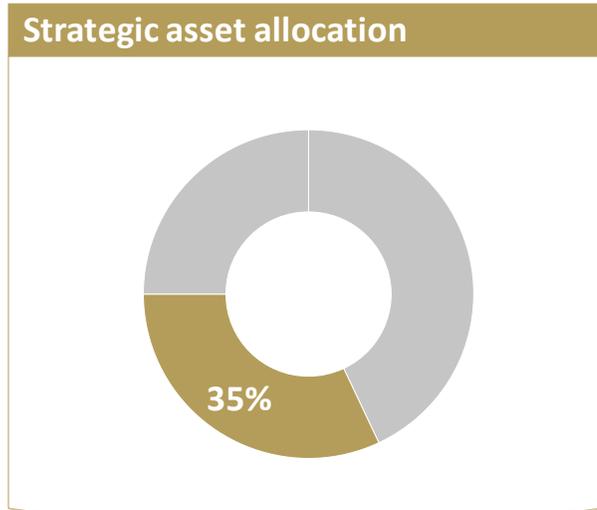
**USD 31bn**  
*in assets under management*

**USD 24bn**  
*Committed to 828 primary funds since 1997*

**USD 13bn**  
*of commitments acquired across 283 secondary transactions since 1998*



# Alternative income



- Generate alternative income and capital growth
- Combine internal strategies with external managers
- Instant access without J-curve
- Fee efficiency

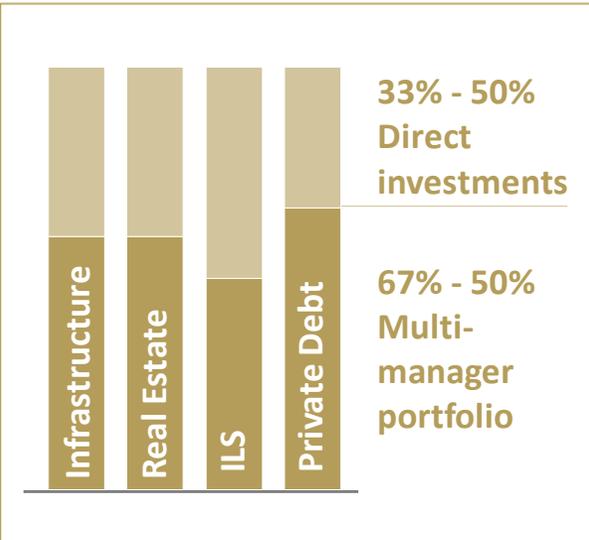
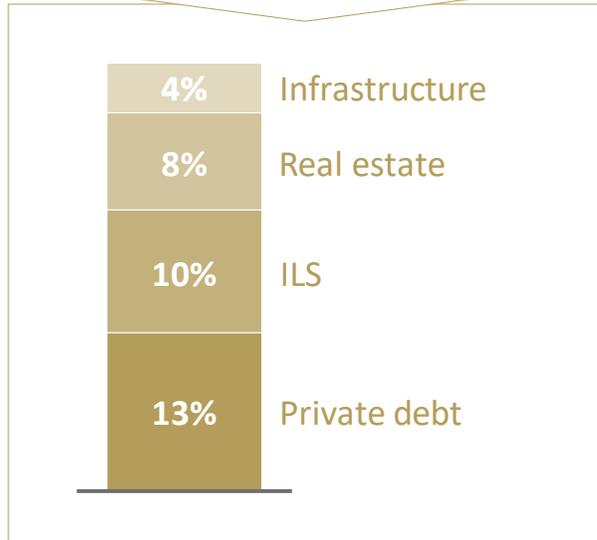
**Investment opportunity:**  
Access to maturing asset classes with significant room for growth

**EUR 841m**

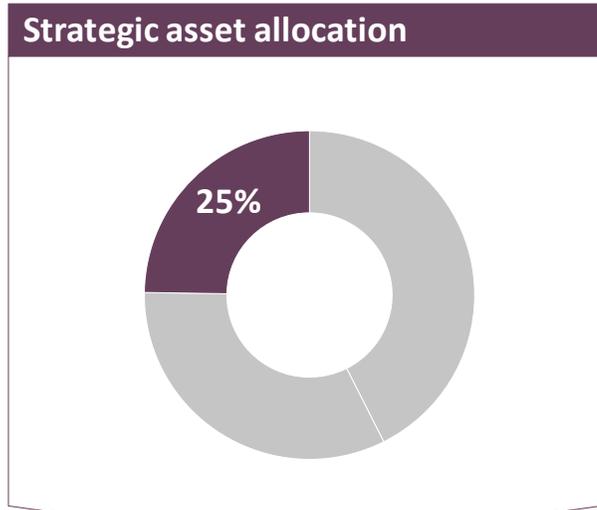
*Originated in 19 European private debt transactions in 2018*

**USD 7.4bn**

*AuM in insurance-linked investment strategies as of 03.2019*



# Liquid alternatives



**Capital protection element with positive expected return**

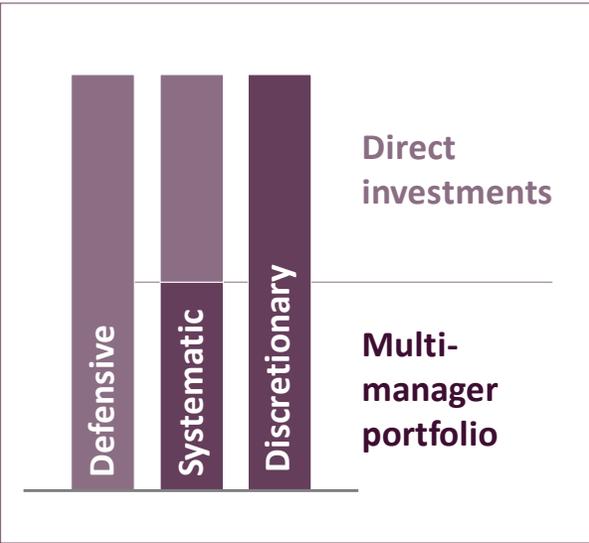
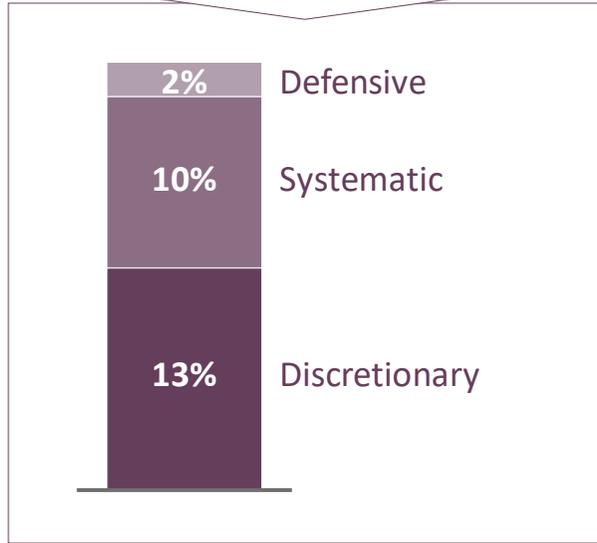
**Combine alternative style premia with actively managed strategies**

**Cost-efficient access / Managed account based implementation**

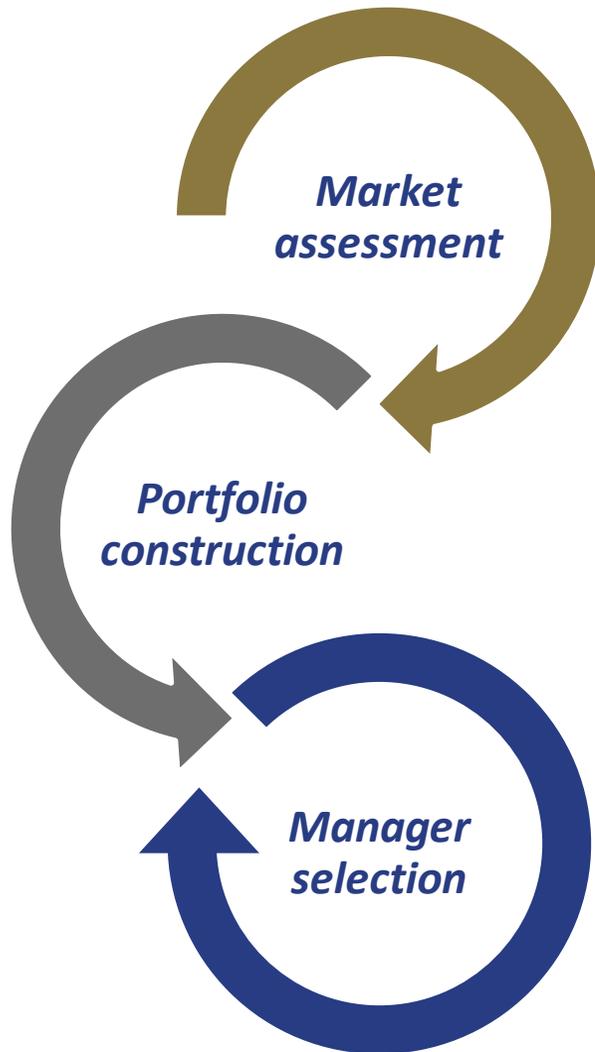
**Investment opportunity: Fee-efficient implementation of proven investment strategies**

**56**  
*Managed accounts as of June, 2019*

**0.93% p.a.**  
*Average management fee paid on assets in managed accounts*



## Value creation on multiple layers



### Top-down market assessment

- Determine expected returns in different scenarios based on forward-looking assumptions
- Determine optimal portfolio in each scenario
- Construct one robust and resilient portfolio

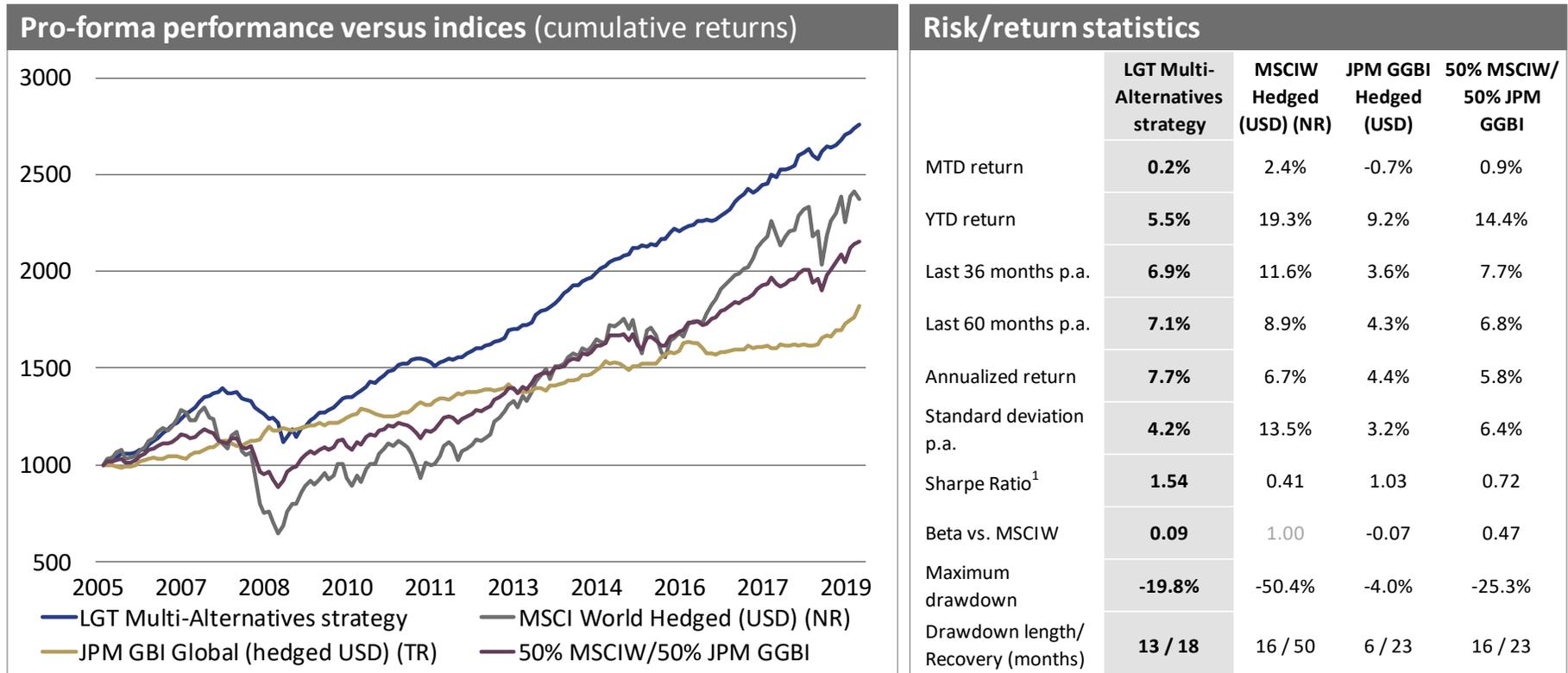
### Portfolio construction

- Define long-term strategic asset allocation to achieve desired risk and return profile
- Adjust allocation based on short-term opportunities, risks and market dynamic
- Revisit allocation on a regular basis

### Bottom-up manager selection

- Global platform combining external with internal investment strategies
- 150+ investment professionals around the globe (Pfaeffikon/Zurich, New York, Hong Kong, Paris, London)
- USD 6bn+ invested p.a. across different asset classes

# Simulated performance



Source: LGT Capital Partners, Datastream.

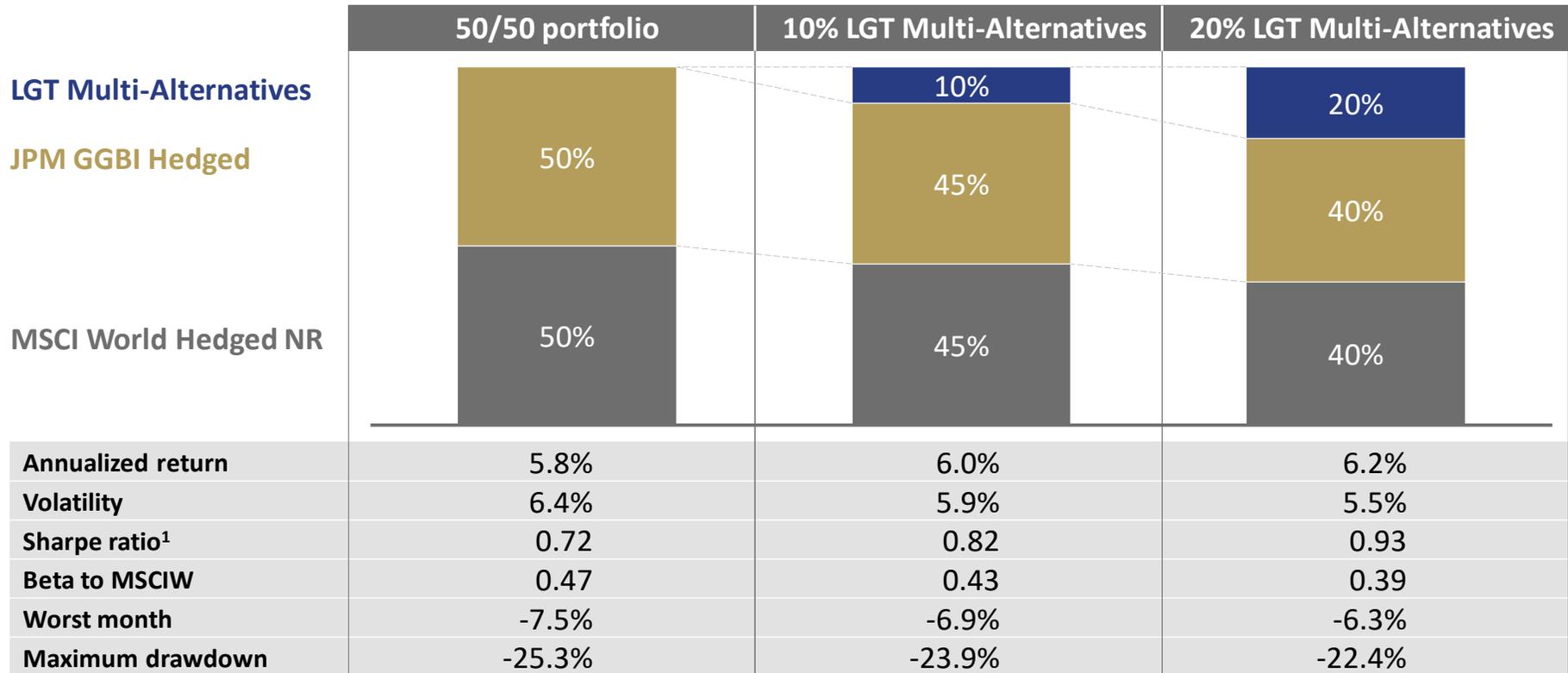
<sup>1</sup> Risk-free rate: US TREASURY BILL 2ND MARKET 3 MONTH - MIDDLE RATE.

Data from 1 January 2006 to 30 September 2019, in USD, net of 1% management fee and 5% performance fee over 3m USD Libor. The pro-forma track record is calculated based on the LGT Multi-Alternatives strategic asset allocation following a quarterly rebalancing strategy. Performance of asset classes relates to the respective carve-out components of the LGT Group Endowment: CMA Private Equity, CMA Alternative Income (Insurance-Linked Strategies, Private Debt and Real Estate) and Crown Liquid Alternatives (Alternative Risk Premia and Hedge Funds). Asset class returns are included as they become available. Where we did not manage an asset class for a certain period, we excluded this asset class and proportionally scaled all other asset classes to 100%.

The Alternative Risk Premia strategy within the CMA Liquid Alternatives component is a simulated track record, where the performance results were not achieved from the actual management of a fund, but are instead calculated by means of the retroactive application of a hypothetical capital allocation following a similar strategy. This approach has inherent limitations. The results do not reflect the impact of material economic and market factors that might have influenced the decision-making of the portfolio manager, had it been a live portfolio.

**Simulated past performance means performance that has been calculated for a period for which no actual performance information for the fund is available. Actual performance results may differ, and may differ substantially, from such simulated past performance. The pro-forma track record and simulated past performance is for information purposes only. Past performance is not a guarantee, nor an indication of current or future performance. Returns may increase or decrease as a result of currency fluctuations.**

# Allocation to alternative strategies has the potential to improve traditional portfolios



Source: LGT Capital Partners, Datastream.

<sup>1</sup> Risk-free rate: US TREASURY BILL 2ND MARKET 3 MONTH - MIDDLE RATE.

Data from 1 January 2006 to 30 September 2019, in USD, net of 1% management fee and 5% performance fee over 3m USD Libor. The pro-forma track record is calculated based on the LGT Multi-Alternatives strategic asset allocation following a quarterly rebalancing strategy. Performance of asset classes relates to the respective carve-out components of the LGT Group Endowment: CMA Private Equity, CMA Alternative Income (Insurance-Linked Strategies, Private Debt and Real Estate) and Crown Liquid Alternatives (Alternative Risk Premia and Hedge Funds). Asset class returns are included as they become available. Where we did not manage an asset class for a certain period, we excluded this asset class and proportionally scaled all other asset classes to 100%.

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## LGT Multi-Alternatives addresses investors' concerns

Concerns	LGT Multi-Alternatives
<b>Low return expectations for traditional investments</b>	<b>Access to a broad range of alternative investment strategies targeting high single digit returns</b>
<b>Lack of portfolio diversification</b>	<b>One-stop-shop solution with immediate access to diversifying strategies</b>
<b>Alternative investment strategies are hard to access and illiquid</b>	<b>Open-ended fund structure with monthly liquidity*</b>
<b>Lack of transparency</b>	<b>Full alignment of interest with the LGT Group Endowment, Europe's leading endowment portfolio</b>

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# ESG considerations incorporated into our investment process

Fully aligned with UN PRI since 2008

ESG assessment on every investment

## ESG due diligence – four focus areas

**Manager commitment**

- Clear policies and commitment
- Dedicated responsibilities and training

**Investment process**

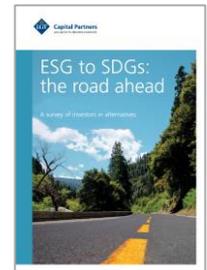
- Screening and evaluation of ESG factors
- Integration of ESG discussions into investment recommendations

**Ownership philosophy**

- Demonstrating ESG commitment at the portfolio company level
- Monitoring and improving ESG at company level

**Reporting**

- Evidence that the fund manager is following its own policy
- Level of detail on ESG reporting (company vs. portfolio)



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