

# The question is ALANTRA

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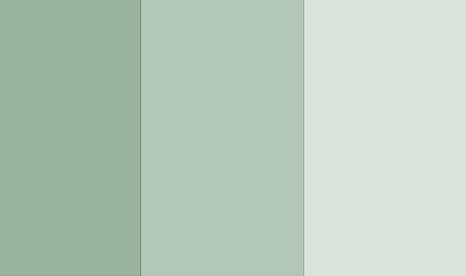
*"It appears to me that in Ethics, as in all other philosophical studies, the difficulties and disagreements, of which its history is full, are mainly due to a very simple cause: namely to the attempt to answer questions, without first discovering precisely what question it is which you desire to answer"*

*G.E.Moore, Principia Ethica*

In business, as in philosophy, we tend to turn simple matters into laboured and complex issues; most of these situations could indeed be resolved, as Moore suggests, by analysing what is the question you really want to answer. After years of frenetic activity, suffering what Goncharov termed a 'cruel affliction'<sup>1</sup> (that human and unstoppable passion or tendency to let things happen without pausing from time to time to reflect on why they should necessarily happen), it is time to ask ourselves what kind of company we want to be. We, the partners of N+1, C.W. Downer, N+1 Swiss Capital, N+1 Daruma, N+1 Landmark, N+1 Singer and other companies in the group aspire to become a global financial services institution specialised in the mid-market segment. Let's pause for a moment to think about the items which define or characterise this "company" we strive to become:

By institution we do not only mean an independent organisation which services its clients, investors, shareholders, partners and professionals but also a firm which strives to endure beyond its founders and become a lasting endeavour for the generations to come. The path we have walked so far is nothing compared to the path before us; our project is only starting out. That is one of its charms. Transformation requires input from all. It requires all of us to take stock of the fact that if we truly advance, it will be a source of pride to have laid the foundations for an institution.

<sup>1</sup>Goncharov, I.: "Likhaia bolest' " (A cruel affliction). 1938



We conduct our business in the context of the financial services sector. In our case, providing advice to companies, family offices and institutions with respect to their financial strategies and the execution of related transactions; providing investment strategy advice to funds, institutional investors and families and managing the related assets. We believe in the virtue of having exposure, as we do, to the investment banking and asset management businesses, while investing in our products. This generates highly complementary flows of income and greater income stability throughout cyclical ups and downs.

Our 'target' clients operate in the mid-market, whether they be companies, investment institutions or family offices. After nearly three decades working with these clients, we know them well. We can offer them more value added. We have built very long-term relationships with them. And we look at the world through the same prism as they do; we progress at the same pace as they do. It is impossible to ring-fence the mid-market with statistics; it requires a qualitative approach as it encompasses a myriad of economic agents. It is also impossible to penetrate the mid-market without sharing the same mindset. It is a space in which one has to fight to survive; there are no crutches or guarantees; and mistakes come at a high price. But it is also a space for growth, for new ambitions, for creative and innovative spirits.

If we want to accompany our clients we have to be a global company; we can only help companies expand their businesses abroad by being global ourselves. A company is not global by virtue of building a presence in many countries (we are already established and have teams on the ground in 19 countries across four continents) but by having a global mentality.

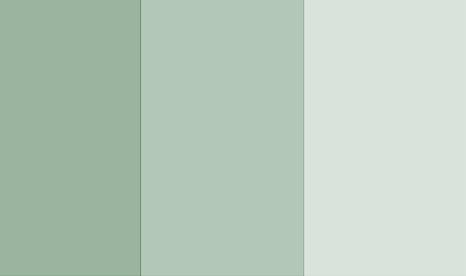
To be what we want to be, we have decided to change our name to ALANTRA. This is the best way to express our will to enter in a new era for all of us. To have a unified name means, first of all, to become a unified group. It also means founding a new project between the partners of the 19 countries and different business areas in which we operate. Business is about decisions, and the most difficult ones are those that require a short term sacrifice to create value in the future. The companies rebranding as ALANTRA have a long reputation in the international financial markets. C.W. Downer, N+1 Swiss Capital or Dinamia have been in business between 15 and 40 years, and to replace them with ALANTRA has been painful, but our 74 partners have collectively agreed that this step was needed in order for the group to become stronger and truly global. ALANTRA is being founded by all of us, and we, as a partnership, will build it together. To travel this long, winding and, above all, enthralling road that is currently our *raison d'être* as an organisation, we boast three competitive advantages which we must reinforce.

### **Human capital articulated around leadership and an entrepreneurial spirit.**

Nearly all of our partners have 'created' or significantly shaped their respective business areas and manage their own P&Ls and teams. Our firm has made significant progress in terms of the quality of our professionals and diversity. We are 345 professionals of 22 different nationalities.

Our hiring and talent retention system is based on three pillars. The first is what we call the autonomy/full responsibility binomial. Our partners value the opportunity to work in a decentralised and bureaucracy-free organisation governed by the principle of autonomous decision-making and resource management in exchange for assuming full ultimate responsibility, i.e., we are entrepreneurs within a corporate structure. The second is participation by the individual in the construction of a group endeavour. Each employee enjoys the pride and satisfaction of creating versus working for something already created. And the third is the remuneration system, which can be characterised as objective and merit-based; it is not beholden to internal politics and interests are aligned. The 74 partners comprising our group earn market salaries, a bonus determined by a stable percentage of the operating profit generated in the business area they lead (a pool which they then allocate among their team members) and shares in the group or its respective subsidiaries (which can be exchanged for shares in the listed parent, implying upside and the scope for monetising these instruments). The group's executive partners hold 41.75% of the parent's equity and in some cases a stake of its subsidiaries. That alignment of interests, along with the bonus system, is a guarantee for our clients and shareholders, and also for our partners on a relative basis. During the last six years the group has added 41 new partners (via integration, hiring or promotion), while 6 professionals have given up their partnership. **A position of financial strength and a profit-oriented culture.** At year-end 2015, we had equity of €180.1mn and net cash and investments of €136.1mn. At the heart of our business strategy lies our goal of putting, slowly but surely, this surplus capital to work by expanding our investment banking and asset management businesses and by investing directly in the products we manage. We are in favour of maintaining a high payout for our shareholders (at the 2015 AGM our shareholders approved a dividend of €16.6mn in respect of consolidated net profit of €18.1mn, implying a payout of 92% and a dividend yield of over 6%) and minimising dilution. We approach the company's value from a long-term perspective.

A solid starting point, having earned **goodwill and built credibility in the financial markets for more than 30 years.** This team of 345 professionals (67% at companies in which we have a majority interest and 33% at companies over which we exercise joint control) generated aggregate revenues of €138.4mn



in 2015; executed 126 transactions for our clients (between mergers and acquisitions, asset and portfolio sales, debt and equity raises, refinancing and restructuring transactions and equity investments); and has the responsibility to manage more than €3.2 billion between investments in unlisted companies (18), listed companies (15) and real estate assets. Our revenue is increasingly diversified in terms of generation by country, sector and asset management product.

Our biggest challenge is both cultural and organisational in nature. We have grown tremendously and expanded internationally. Now we must implement management initiatives and systems to prevent our culture from being diluted and to help it to evolve; to encourage our professionals to cooperate and produce; for the benefit of our clients, economies of scale, overcoming physical distance to do so; and ensure we all prioritise over our personal ambitions, work largely of aligning the two.

In one of his most controversial statements, the great Scottish thinker David Hume said that reason is and ought only to be the slave of the passions<sup>2</sup>. Our passion, as partners and professionals at ALANTRA, is to build a global institution that satisfies our aspirations so that in so doing we have the courage, conviction and exigency to satisfy those of our clients. Our management strategy, principles, systems and our corporate culture are shaped by reasoning and deliberation; however, they are also fueled by a passion that never dies no matter how tough the reality might be. So both the question and the answer are ALANTRA.

<sup>2</sup> Hume, D.: "A Treatise of Human Nature", Oxford University Press, 2000

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