



NAVIGATING THE RECOVERY ALLOCATING TO ALTERNATIVES FOR HIGHER RETURNS AND SUSTAINABILITY

NORBERT STELZER - MORAVIA CAPITAL INVESTMENTS



5TH PENSION FUNDS AND ALTERNATIVE INVESTMENTS AFRICA CONFERENCE



14 - 15 JULY 2022 | MAURITIUS

WWW.PENSIONFUNDSAFRICA.COM

#PIAFRICA

ORIGIN MORAVIA CAPITAL GROUP - NETWORK AND REACH



MORAVIA INVESTMENTS IS A SPECIALIST PRIVATE EQUITY FUND OF FUNDS ADVISER



Dedicated team of highly experienced Private Equity experts



Direct, primary fund, secondary and co-investment



Established international platform with a global network



Track record of investing in top tier global managers



Portfolios with optimal diversification and high returns



Focus on the small – mid-market buyout universe



Long-term trusted partner for our clients

INVESTMENT SOLUTIONS

FUND OF
FUNDS

MANAGED
ACCOUNTS

ADVISORY
SERVICES

DISCRETIONARY

NON-DISCRETIONARY

OUR PRESENCE IN AFRICA

ON THE GROUND PRESENCE

01

Current office in KZN (Joburg office to be opened in Q4/2022); Juristic Rep under a CAT 2 license; expansion strategy formulated, including application to become B-BBEE and applying for our own CAT 2 license

Moravia has been a part of the African investors landscape since first engaging with a leading pension funds in Botswana in 2017/18

02

5 YEARS EXPERIENCE IN AFRICA

EDUCATIONAL EXPERTISE

03

Moravia's team combines more than 80+ years of relevant PE experience. Our longstanding experience as participants and investors in Private Equity has allowed us to offer educational webinars to share our knowledge on the "nuts and bolts" of the asset class

MACROECONOMIC THREATS

MACRO RISK #1: INFLATION & INTEREST RATES

Inflation has spiked; workers are exercising greater bargaining power, seeking higher wages; globalization wins may falter as some industries move to de-risk supply chains; war in Ukraine and associated sanctions have led to high oil, gas and food prices; central banks have begun to adjust interest rates

MACRO RISK #2: DEBT LEVELS

Global debt levels have shifted from the private to the public sector. Low or negative real interest rates are in the interest of governments to manage the debt burden

MACRO RISK #3: COVID-19

High vaccination rates in the developed world have helped to slow the spread of the virus and reduce the strain on healthcare systems; however, vaccination rates in emerging countries remain relatively low, implying a greater probability that new variants may continue to evolve, economic activity could be restricted, and supply chains could be adversely affected

MACRO RISK #4: VALUATIONS

Valuations have been high across equity markets, and credit conditions have been loose in debt markets. Until recent months, conditions resembled late-cycle pre-pandemic frothiness

MACRO RISK #5: GEOPOLITICAL TENSION / EVENTS

War in Ukraine and other geopolitical rifts contribute to greater uncertainty

PRINCIPAL OFFICERS, TRUSTEES AND FUND FIDUCIARIES HAVE MULTIPLE FACTORS TO CONSIDER WHEN DEFINING THE INVESTMENT POLICY FOR THEIR PENSION FUNDS



OPTIONS FOR PENSION FUNDS

Challenges

- Liabilities carry interest expense hence cash is not an option
- Interest risk as long duration investor
- Credit risk due to inflation/recession
- Volatility risk (liabilities stable vs assets volatile)

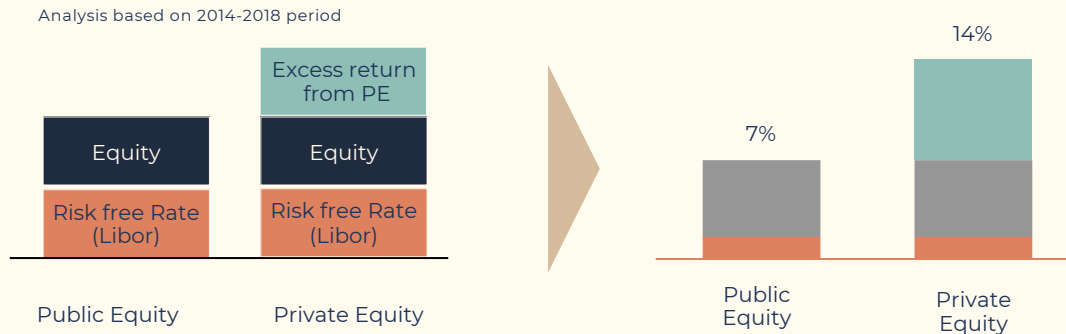
Solutions

- Diversity in Portfolio is a necessity
- Fixed income
- Equity
- Alternatives (Real Estate, Debt, Private Equity/Venture Capital)



IMPRESSIVE HISTORICAL RETURNS

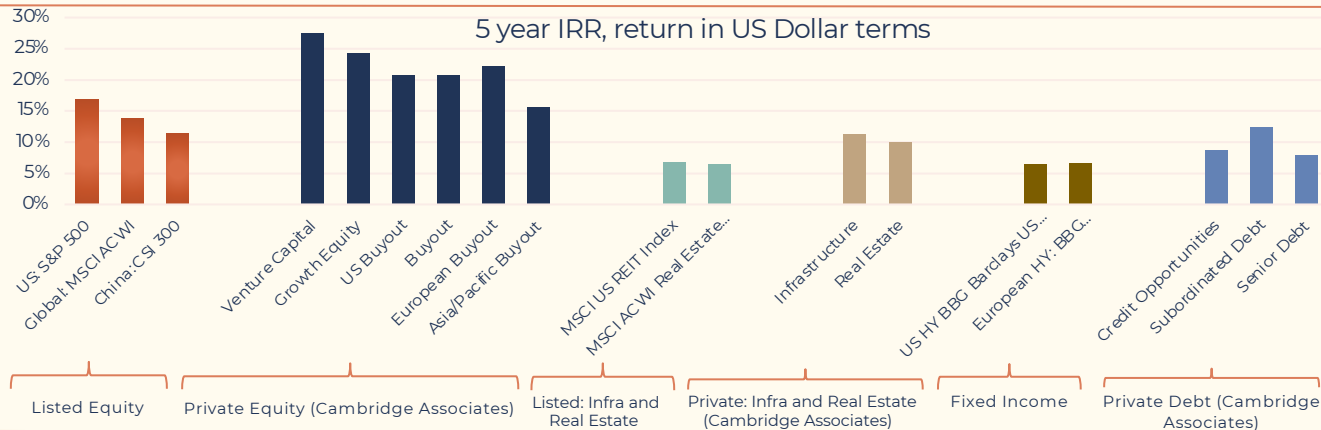
PRIVATE EQUITY OFFER UPSIDE RETURNS ON A LONG-TERM BASIS



Source: StepStone Group

Note: USD 3M Libor for risk free rate (Libor), MSCI World Index for "Public Equities" and BurgissPrivate IQ Private Equity Buyout Index for "Private Equity".

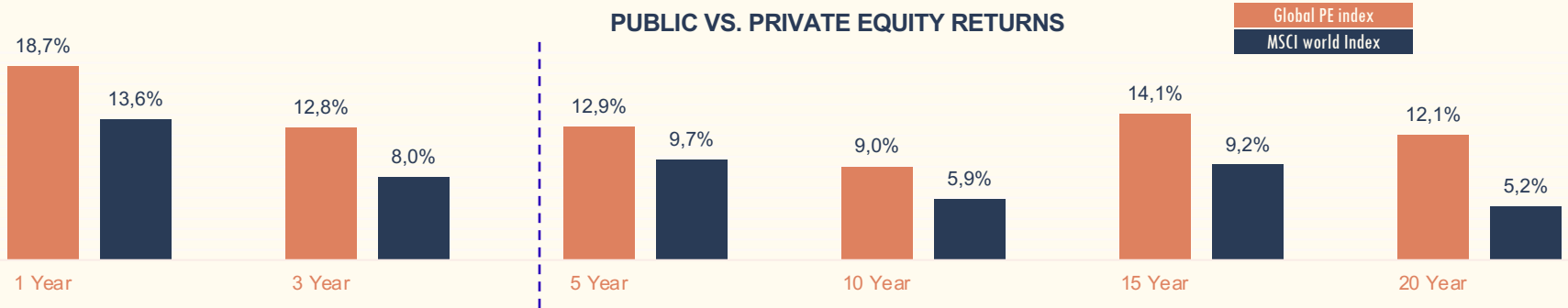
PRIVATE EQUITY OUTPERFORMS ALL OTHER ASSET CLASSES



PRIVATE EQUITY HAS OUTPERFORMED MAJOR PUBLIC MARKET EQUIVALENTS GLOBALLY OVER THE LAST 20 YEARS

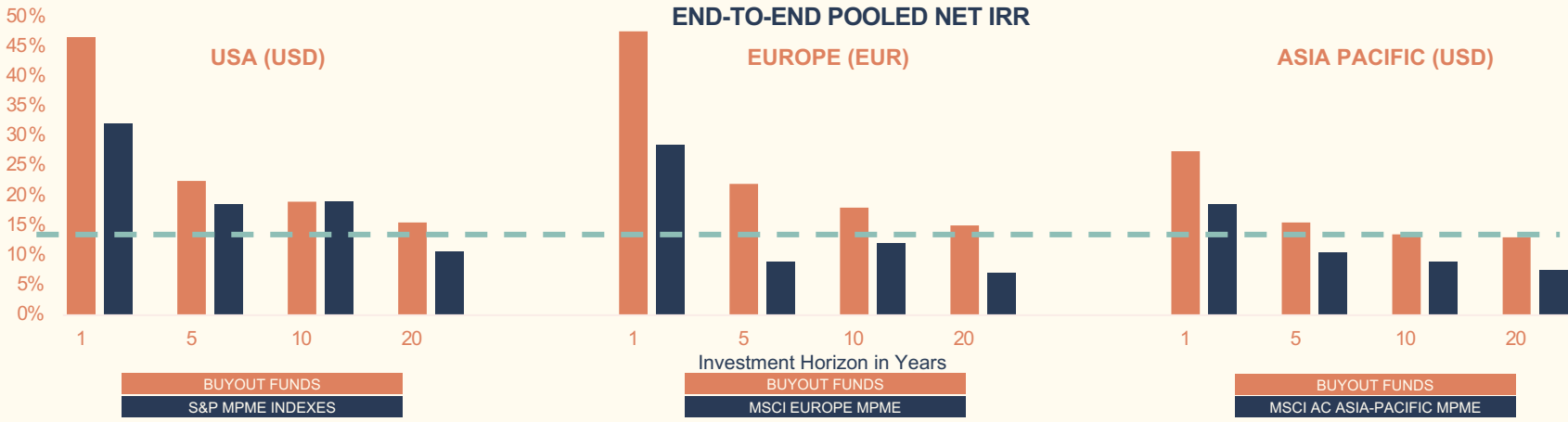
Source: bain_report_global-private-equity-report-2022

PUBLIC VS. PRIVATE EQUITY RETURNS



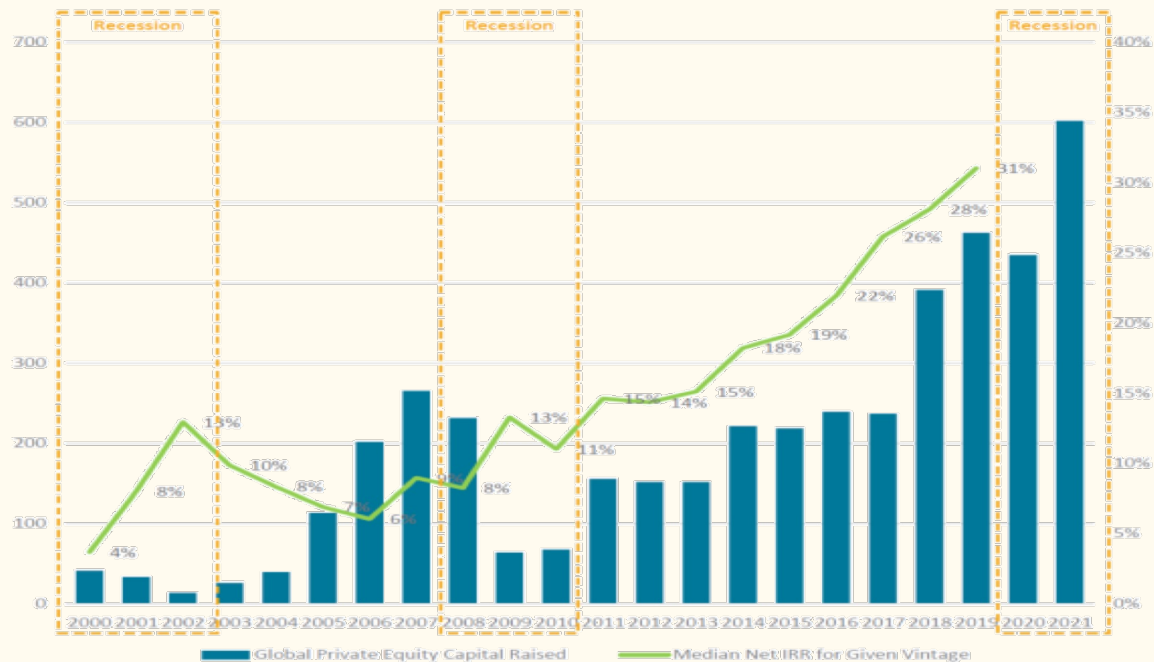
Source: bain_report_global-private-equity-report-2022

END-TO-END POOLED NET IRR

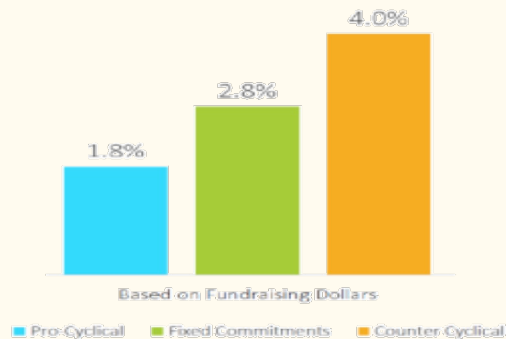


OUTPERFORMANCE IN RECESSIONS

LP COMMITMENTS & VINTAGE YEAR RETURNS



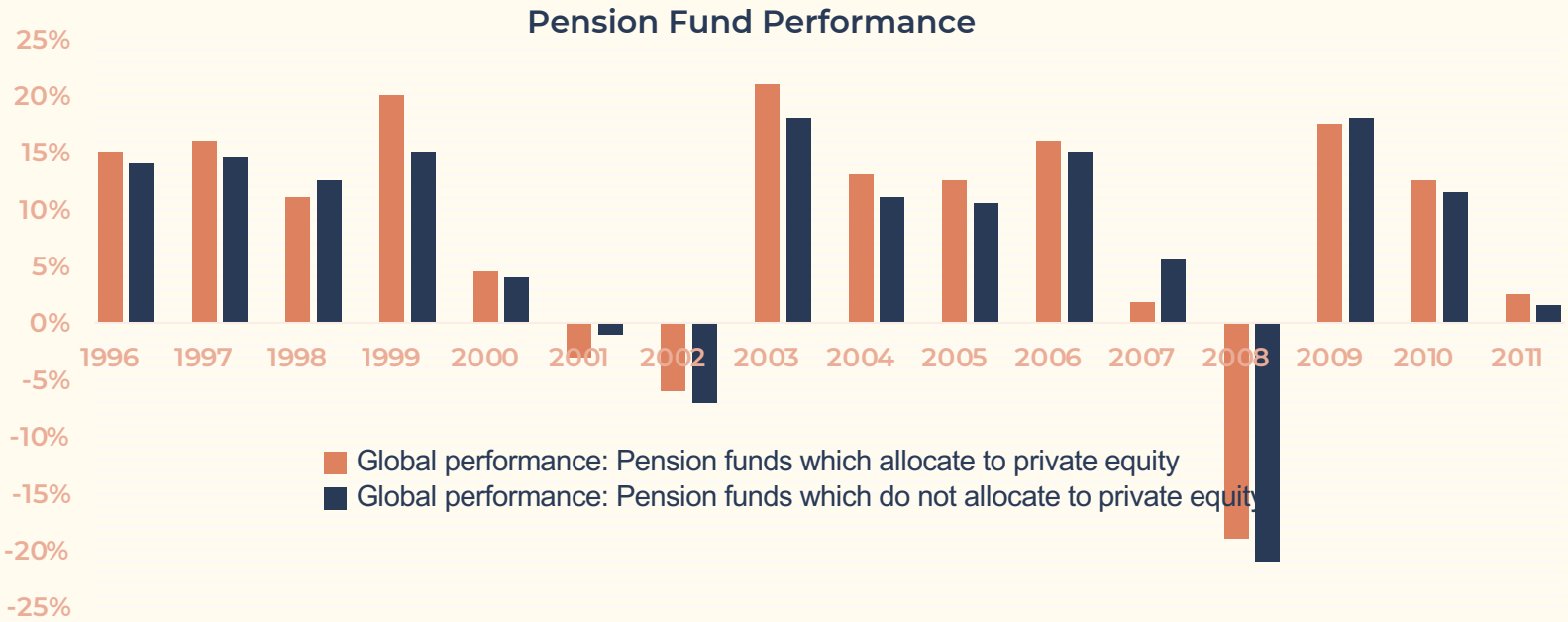
BUYOUTS DIRECT ALPHA



- Outperformance is available if perfectly timing the market was possible
- However, a consistent pace of deployment across market cycles leads to better results vs. timing the market and getting it wrong

Vintage years within recessionary periods have the potential to outperform

PENSION FUNDS WITH AN ALLOCATION TO PRIVATE EQUITY HAVE OUTPERFORMED PENSION FUNDS WITH NO ALLOCATION TO PRIVATE EQUITY



1 - Invest Europe's publication named Guide to Private Equity and Venture Capital for Pension Funds
2 - The Determinants of Pension funds' Allocation to Private Equity by Antonia López-Villavicencio & Sandra Rigot

WHY DOES PRIVATE EQUITY CREATE MORE VALUE THAN PUBLIC EQUITY INVESTMENTS?

CONTROL

The ability of professional managers to provide strategic direction, allocate investment capital, increase operational efficiency of a business or asset, and determine timing of exit

ALIGNMENT

The direct management ownership of private equity-backed businesses aligns management and shareholder economic interests more closely than is typically possible in publicly traded companies

INFORMATION ADVANTAGE

The private equity buyer generally has more time and greater access to information when performing due diligence on a private investment than a publicly traded stock

THE BENEFITS OF PRIVATE EQUITY

ABSOLUTE RETURN

Private Equity has provided **STRONG RETURNS** on an absolute and relative basis

Consistent **HIGHER RETURNS** than comparable public market indices regardless to time horizons

CASHFLOWS from Private Equity investments can be matched with future liabilities

Capital reserves can be build up over long periods of time and maximize member's returns

LIABILITY MATCHING

GENERATING ALPHA

Active support by Private Equity managers adds **SIGNIFICANT VALUE** to companies prior to exit

Operational improvements in a company makes it more attractive for strategic or financial buyers

PROVEN LOW CORRELATION in Private Equity to other asset classes has been proven

Demonstrably **LESS VOLATILE** than traditional (listed) asset classes as shown in different market scenarios

LOW CORRELATION

DIVERSIFICATION

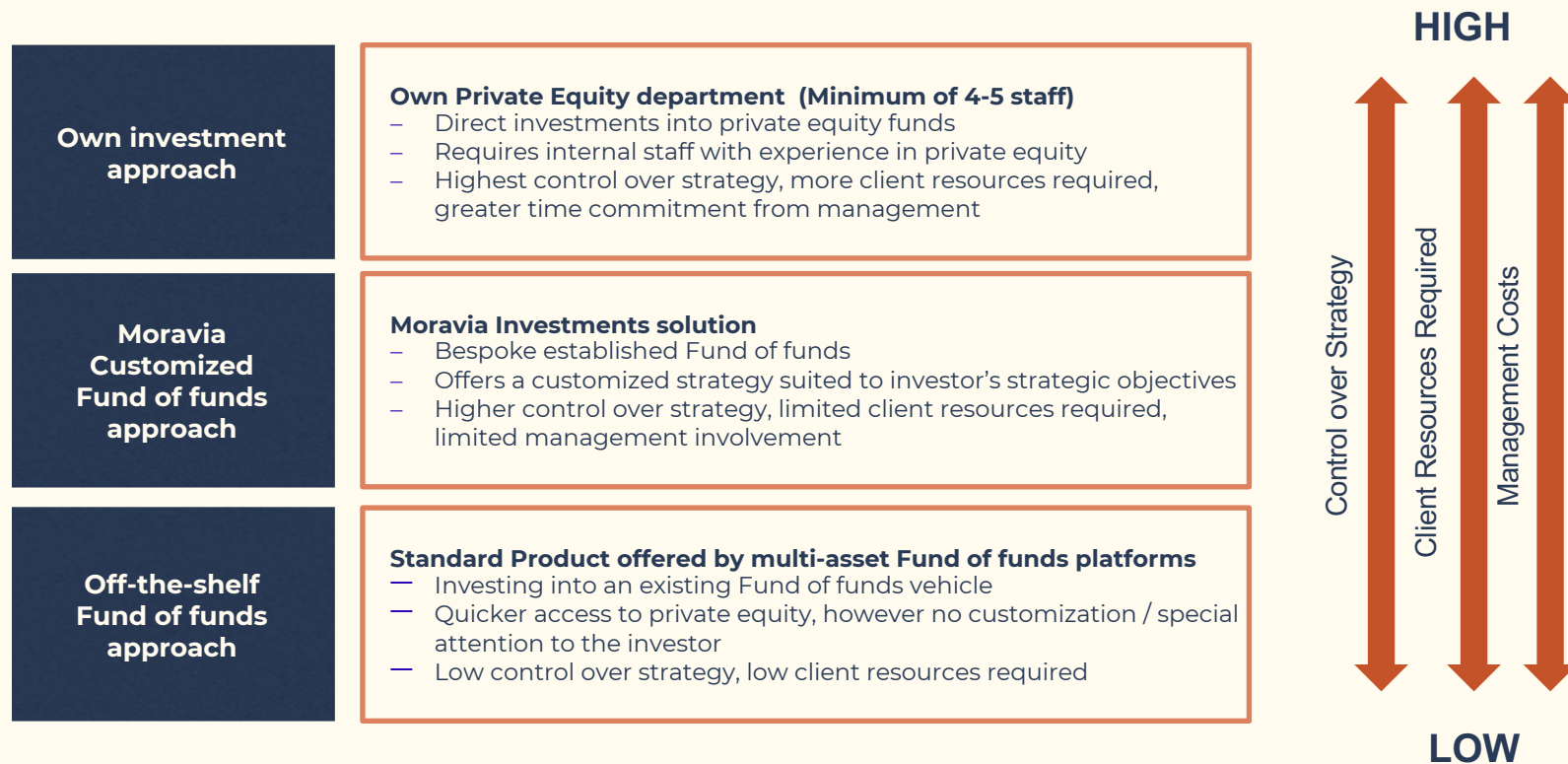
Investors **GET ACCESS** to investment opportunities not found on public markets

ENHANCED portfolio **DIVERSIFICATION** across a variety of strategies, stage, regions and vintage years

PREDICTABLE AND RELIABLE INCOME stream from certain Private Market strategies (e.g. Private Debt)

INCOME STREAMS

WAYS OF ACCESSING PRIVATE EQUITY FUND INVESTMENTS



GLOBAL PRIVATE EQUITY CAN FURTHER STRENGTHEN YOUR OFFSHORE PORTFOLIO AND SATISFY A NUMBER OF FACTORS WITHIN INVESTMENT POLICY

- Enhanced returns and Outperformance
- Risk management through broader diversification
- Transparent Governance and Impact across Different Dimensions (ESG)
- Access to significant and growing investment universe not available in listed markets
The Private Equity industry is projected to grow to USD 9 tn AUM by 2025 (Preqin)
- Well established and regulated asset class.
- Balance and diversification to domestic private equity investments

Higher
Returns

Diversificati
on

Risk
Mitigation

Strengthen
ESG

CONTACTS

NORBERT STELZER

nstelzer@moraviainvestments.com

+49 172 9100401

SVENJA BECKER

sbecker@moraviainvestments.com

+49 172 8393994

ABHISHEK PARONIGAR

aparonigar@moraviainvestments.com

+91 98202 52085

TREENA MAGUIRE

tmaguire@moraviainvestments.com

+27 79 428 7018



DISCLAIMER

Information, opinions, or commentary concerning the financial markets, economic conditions, or other topical subject matter are prepared, written, or created prior to printing and do not reflect current, up-to-date, market or economic conditions. Moravia Capital Investments disclaims any responsibility to update such information, opinions, or commentary. To the extent views presented forecast market activity, they may be based on many factors in addition to those explicitly stated in this material. Forecasts of experts inevitably differ. Views attributed to third parties are presented to demonstrate the existence of points of view, not as a basis for recommendations or as investment advice. Managers who may or may not subscribe to the views expressed in this material make investment decisions for funds maintained by Moravia Capital Investments or its affiliates. The views presented in this material may not be relied upon as an indication of trading intent on behalf of any Moravia Capital Investments fund, or of any Moravia Capital Investments manager. Market and investment views of third parties presented in this material do not necessarily reflect the views of Moravia Capital Investments and Moravia Capital Investments disclaims any responsibility to present its views on the subjects covered in statements by third parties. Statements concerning Moravia Capital Investments' views of possible future outcomes in any investment asset class or market, or of possible future economic developments, are not intended, and should not be construed, as forecasts or predictions of the future investment performance of any Moravia Capital Investments fund. Such statements are also not intended as recommendations by any Moravia Capital Investments entity or employee to the recipient of the presentation. It is Moravia Capital Investments' policy that investment recommendations to its clients must be based on the investment objectives and risk tolerances of each individual client. All market outlook and similar statements are based upon information reasonably available as of the date of this presentation (unless an earlier date is stated with regard to particular information), and reasonably believed to be accurate by Moravia Capital Investments. Moravia Capital Investments disclaims any responsibility to provide the recipient of this presentation with updated or corrected information.

Past performance is not indicative of future results. Future performance is not guaranteed, and a loss of principal may occur.

