

Sector expertise  
continued

## Financial Services

The financial services sector has entered a period of accelerated change, creating attractive investment opportunities.

### Selected investments

---

*Ireland (global operations)*

**Avolon**

Aircraft leasing

---

*UK*

**Holmwoods**

Insurance broking

---

*UK*

**Partnership Assurance**

Provider of retirement solutions

---

*UK*

**Sabre**

Speciality motor insurance

---

Sector expertise  
continued

## Financial Services



Caspar Berendsen and Peter Catterall  
**Financial Services sector professionals**

**In the post-credit crisis era, financial institutions are re-shaping their strategies and business models, sometimes radically. Businesses are being spun out as major corporate and financial institutions reconsider their operations, often under pressure from regulators, and opportunities for new businesses are emerging as established ones pull back. At Cinven, we expect this phase to continue. Our Financial Services team is actively seeking opportunities to invest in businesses with growth potential and attractive market positions.**

Cinven invests in both the regulated and non-regulated segments of the financial services sector. We apply Cinven's traditional investment approach of identifying market-leaders in attractive growth markets. Often, we work with corporate institutions, industry advisers and former executives who help us to develop and execute investment strategies.

We invest in market-leaders operating in attractive markets, with cash-generative business models and strong management teams. We focus on growth businesses as well as 'yield plays', and are open to acquisitions that involve low debt-to-equity ratios.

Our current portfolio includes Partnership Assurance, the UK's leading provider of specialised annuity products for people with medical conditions; and Avolon, the global aircraft leasing business. Partnership Assurance has continued to perform strongly and has gained momentum since Cinven acquired the business in 2008. Our 2010 investment in Avolon was another landmark investment for the Financial Services team, which developed the strategic insight that led to the origination of the transaction (see the case study of Avolon on page 9 of this annual review).

Cinven believes that there will be continued opportunity for private equity investment in the coming years of transition in the financial services industry, which has witnessed:

- the sale of non-core assets by financial institutions that need to bolster their balance sheets;
- de-mergers enforced by regulators as a condition of their continuing support;
- mergers as businesses seek the 'critical mass' they need in order to attract capital;
- changes in behaviour by consumers, as they react to low rates of return, repay loans instead of saving, and become more risk-averse;
- disposals spurred by financial services companies' more selective approach to globalisation; and
- the prospect of an end to government support for the banking industry, at some point in the future, as yet unknown.

These trends are still playing out and our Financial Services team expects the industry to remain in flux for some years. We are tracking a number of sub-sectors closely and confidently expect investment opportunities to emerge in the short- and medium-term.