EDISON

Altamir

Access to Apax Partners' private equity expertise

Investment companies

Altamir (LTA) invests in and alongside European and global funds managed by private equity specialists, Apax Partners, whose approach is differentiated by sector specialisation – key in gaining insight and creating a wide network to facilitate transactions. Relatively concentrated company exposures demonstrate conviction in investment selections but the portfolio is well spread by sector and vintage. Altamir reported a 19.1% NAV increase in 2015 and has delivered NAV total returns ahead of the LPX Europe index over one, three, five and 10 years while the 10-year average valuation uplift on realisations of over 40% supports the contention that portfolio valuations are conservative. A wide discount to NAV and the 5.4% yield are further points for potential investors to consider.

12 months ending	Total NAV return (%)	LPX Europe NAV (%)	Total share price return (%)	LPX Europe (%)	CAC Mid and Small (%)
31/12/11	4.4	(2.1)	(6.4)	(22.0)	(19.3)
31/12/12	13.1	10.1	26.8	28.3	24.7
31/12/13	13.7	10.2	46.1	30.7	30.4
31/12/14	11.0	12.4	4.2	12.0	10.9
31/12/15	19.4	10.8	13.3	21.0	20.9

Source: Thomson Datastream, Morningstar, Bloomberg. Note: 12-month rolling discrete total return performance in euros up to last published NAV date.

Investment strategy: Proven sectoral approach

Investing in and with Apax Partners funds, Altamir follows a clear strategy of backing fast-growing, mid-sized companies in French-speaking Europe and larger companies globally. The Apax funds target leveraged buyouts and growth capital investments, investing in four sectors of specialisation (TMT, business and financial services, retail and consumer and healthcare). The investment process is rigorous and ambitious value creation objectives are set. Alignment of interests is evidenced by the fact that Maurice Tchenio, Chairman and CEO of Altamir's manager, is also the company's largest shareholder with a 27% stake.

European private equity market

Investment in private equity can give access to faster growing companies and a listed private equity fund provides active management, diversification and liquidity. The economic backdrop in Europe has been sluggish but there are signs of improvement and forecasts suggest this will continue. Private equity transaction activity in Europe has already picked up, indicating a broadening set of opportunities for investment and realisation for managers, and Altamir reports that its investment pipeline is stronger than a year ago.

Valuation: Above-average discount and yield

Altamir's share price discount to NAV narrowed to less than 20% during 2014 but now stands at 44.6% despite the strong NAV performance in 2015. There may therefore be scope for a material narrowing on the back of more positive market sentiment or the announcement of further successful realisations. Altamir's current yield of 5.4% is one of the highest in its peer group.

10 March 2016

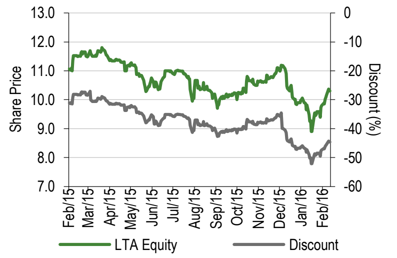
Price	**€10.30**
Market cap	**€376m**
AUM*	**€679m**

NAV*	€18.60
Discount to NAV	44.6%

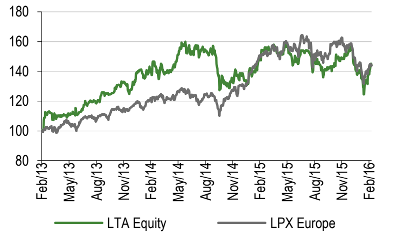
*At 31 December 2015.

Yield	5.4%
Ordinary shares in issue	36.5m
Code	LTA
Primary exchange	Euronext Paris
Sector	Private equity

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	€11.80	€8.90
NAV high/low	€18.60	€16.58

Gearing (% of NAV)

Gross borrowings*	1.3%
Net cash*	5.6%

*At 31 December 2015.

Analysts

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Edison profile page

Altamir is a research client of Edison Investment Research Limited

Exhibit 1: Company at a glance

Investment objective and fund background

Altamir aims to create value for shareholders over the long term by investing exclusively in or alongside European and global private equity funds managed or advised by Apax Partners, which specialise in TMT, Retail & Consumer, Healthcare, Business and Financial Services. Performance is benchmarked against the CAC Mid and Small and LPX Europe indices.

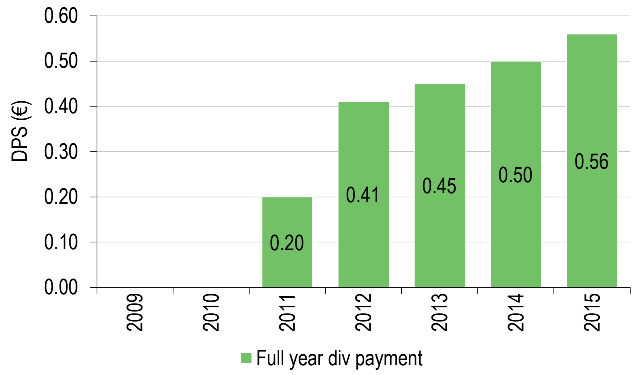
Recent developments

- 24 February 2016: Full-year results to 31 Dec 2015 – NAV total return +19.4% vs +10.8% LPX Europe NAV total return.
- 24 February 2016: Altamir commits up to €300m to the Apax France IX fund.
- 16 February 2016: Agreement signed with TowerBrook Capital Partners for the sale of a majority stake in Infopro Digital.
- 22 December 2015: Altamir commits €50m to the acquisition of Marlink, the commercial satellite communication business being sold by Airbus Group.

Forthcoming		Capital structure		Fund details	
AGM	15 April 2016	Ongoing charges	1.8% of NAV (FY14 direct fees)	Management company	Altamir Gérance
Quarterly results	11 May 2016	Net cash	5.6% of NAV	Chairman & CEO	Maurice Tchenio
Year end	31 December	Annual mgmt fee	See page 13	Address	1 rue Paul Cézanne, 75008 Paris France
Dividend paid	27 May 2016	Performance fee	20% carried interest		
Launch date	1995	Company life	Indefinite	Phone	+33 1 53 65 01 00
Continuation vote	N/A	Loan facilities	€47m revolving credit facility	Website	www.altamir.fr

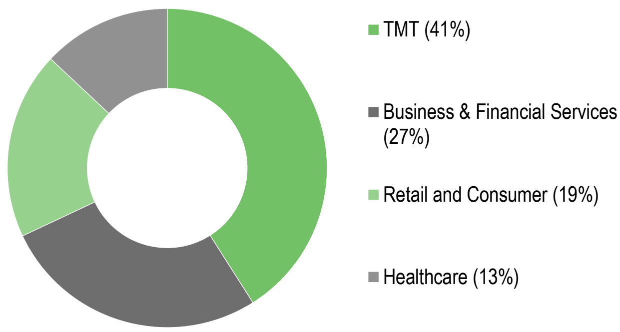
Dividend policy and history

Since FY12, Altamir has paid an annual dividend of 3% of its year-end NAV. Under the previous policy to pay out 20% of restated net income, no dividends were paid for FY08 to FY10 as a net loss was reported; in recognition of this €0.10 was added to the €0.10 payable for FY11 under the 20% payout policy.

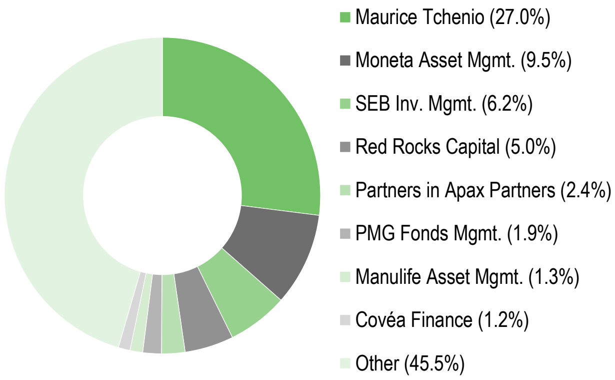


Portfolio fair value analysis by sector (as at 31 December 2015)

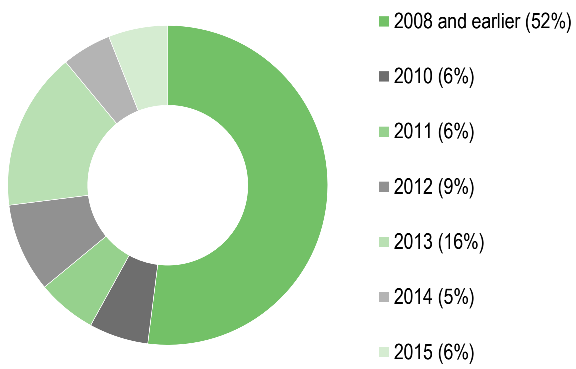
Altamir maintains a diversified portfolio across Apax's four sectors of specialisation – seen as a key differentiating feature in generating deal flow, winning deals and creating value.



Shareholder base (as at 25 February 2016)



Portfolio exposure by vintage (as at 31 December 2015)



Top 10 holdings (as at 31 December 2015)

Company	Sector	Date invested	Residual investment cost (€m)	Fair value (€m)	Portfolio weight at fair value (%)
Infopro Digital	TMT	2007	31.8	94.3	13.7
Altran	TMT	2008	42.6	87.9	12.8
GFI Informatique	TMT	2007	48.5	68.9	10.0
Albioma	Business & Financial Services	2005	59.0	53.0	7.7
Group INSEEC	Business & Financial Services	2013	32.3	51.0	7.4
THOM Europe	Retail & Consumer	2010	29.7	43.4	6.3
Snacks Développement	Retail & Consumer	2013	31.8	40.6	5.9
Texa	Business & Financial Services	2012	20.4	30.6	4.5
Amplitude	Healthcare	2011	14.0	30.2	4.4
Capio	Healthcare	2006	16.3	28.6	4.2
Top 10			**326.4**	**528.5**	**76.9**

Source: Altamir, Edison Investment Research, Morningstar, Dealogic.

Strong 2015 performance; robust activity in 2016

Altamir delivered a strong performance in the three months to December 2015 with an 8.7% uplift in NAV during the quarter contributing to a 19.1% NAV increase for the full year 2015, including the €0.50 dividend paid during the year. Highlights of the 2015 results include:

- A record level of new investment with €143m invested in and committed to 12 new companies.
- €88m in divestments signed (€56.2m proceeds and revenue received in 2015).
- Over 7% average EBITDA growth across all portfolio companies.
- 12% increase in the proposed 2015 dividend to €0.56 per share.

Transaction activity was robust in the first two months of 2016, with the notable signing of a sale agreement for Infopro Digital, Altamir's largest investment, representing 13.7% of portfolio fair value at end 2015. As well as the acquisitions of Melita, Cabovisão and ONI being finalised along with the sale of Rhiag, Apax Partners has announced signing an agreement to invest in Milan-listed Italian IT services company, Engineering Ingegneria Informatica.

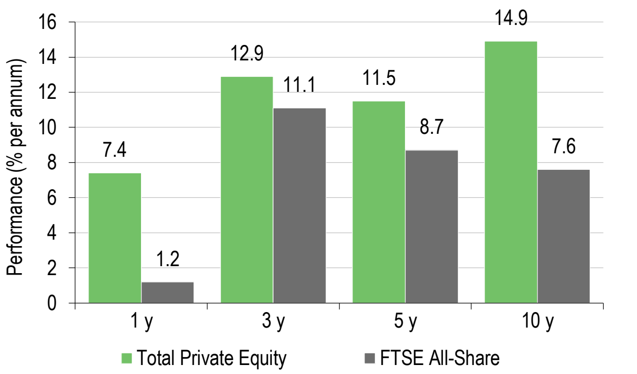
The private equity market

Reasons for investors to consider investment in private equity[1] include the potential for portfolio diversification and superior returns. While there is some difficulty comparing private equity and public market returns, there is evidence that private equity has outperformed equity indices (adjusted for the timing of cash flows). One study[2] indicates that, using an extensive US database, buyout funds on average outperform the S&P 500 index by 20-27% or more than 3% per year over a fund's life.

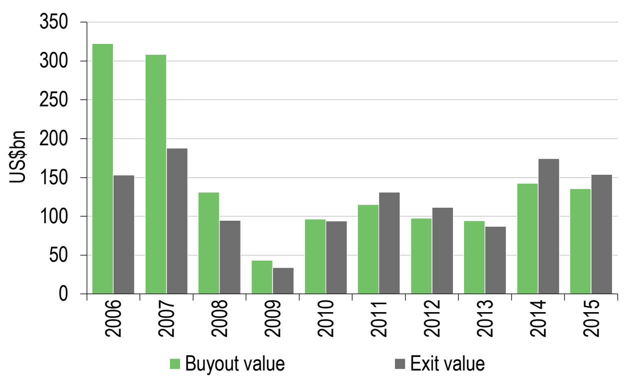
In Exhibit 2 we include a simpler comparison of UK private equity funds and the FTSE All-Share index, which also shows higher returns for private equity. These are not fully comparable as the private equity returns are internal rates of return net of fees, while the index returns are gross of fees and time-weighted. The right-hand chart in Exhibit 2 shows how investment and exit activity in the private equity industry fluctuates, highlighting the general hiatus as the financial crisis struck followed by a recovery in recent years, with the step-up in realisations in 2014 a particular feature. The continued strength of transaction activity, and for exits in particular, suggests a healthy environment for funds with mature portfolios seeking to make divestments.

Exhibit 2: Private equity market performance and activity over 10 years

UK private equity market vs. FTSE All-Share annualised returns to end 2014



European private equity market buyout and exit transaction total values



Source: Altamir, MergerMarket, BVCA, Edison Investment Research

[1] See Appendix: Private equity market background for an explanation of the private equity market.

[2] Private equity performance: what do we know? Harris, Jenkinson and Kaplan.

Private equity funds provide a route to access large and small firms often having greater potential for rapid growth, and a listed fund enables smaller investors to gain exposure to the private equity sector, offering a diversified exposure as well as investment liquidity.

Turning to the economic background for underlying investee companies, even though growth forecasts have been trimmed, the global economy, and the US in particular, is showing signs of sustainable recovery following the financial crisis. European growth has been subdued but is on an improving trend, particularly in France where recovery has been relatively sluggish; IMF forecasts point to growth here catching up with the European average over the next three years. The ECB's policy stance should help support these expectations. This backdrop could encourage increased investor interest in private equity funds with a strong European exposure.

Fund profile: Private equity investing via Apax Partners

Founded in 1995 to provide a route for investors to access private equity as an asset class, Altamir is a Euronext Paris-listed investment company investing exclusively via funds managed or advised by Apax Partners France and Apax Partners LLP (the global investment business). Altamir's strategy is to build on the strengths of the Apax brand which include its well-defined investment processes and the deep sector expertise of its teams. Through its commitments to the Apax France VIII and Apax VIII LP funds, Altamir is positioned to gain exposure to new investments made by Apax Partners worldwide.[3] Altamir's status as an SCR (société de capital risque) makes it exempt from corporate tax and shareholders (French and international) may also benefit from tax exemptions, subject to specific holding-period and dividend-reinvestment conditions. Apax Partners SA (management company of the Apax France funds up to and including Apax France VII fund) has been Altamir's investment adviser since its launch and Apax co-founder Maurice Tchenio is chairman and CEO of Altamir Gérance, Altamir's management company. Tchenio also ranks as Altamir's largest shareholder with a 27% stake.

The Apax funds seek leveraged buyouts (LBOs) and growth capital investments where they can become either majority owners or lead investors, aiming to achieve an exit multiple of three times investment cost as well as investing responsibly, measuring the ESG (Environmental, Social, Governance) performance of each investment. Through these funds, Altamir maintains a diversified portfolio of fast-growing companies across Apax's four sectors of specialisation: TMT (Technology-Media-Telecom), Retail & Consumer, Healthcare, Business & Financial Services. Mid-sized (€100-1bn) companies are targeted in French-speaking European countries and larger (€1-5bn) companies across Europe, North America and major emerging markets (China, India and Brazil).

Apax Partners

Apax Partners is one of the pioneers of the private equity industry with over 40 years' experience. The firm was founded in 1972 by Maurice Tchenio in France and Ronald Cohen in the UK. In 1976, they were joined by Alan Patricof in the US, operating together under the Apax Partners banner with a single investment strategy focusing on companies with high growth potential active in the four sectors of specialisation (TMT, Retail & Consumer, Healthcare, and Business & Financial Services). Since 1999, the majority of the group has consolidated into Apax Partners LLP while Apax Partners France has opted to remain independent. In 2011, Maurice Tchenio stepped back from managing new Apax France funds, leaving Eddie Misrahi (an Apax partner since 1991) to head the investment team for the launch of the Apax France VIII fund.

Apax Partners France is a leading private equity firm in France and French-speaking Europe, managing €2.4bn investing in mid-cap companies (enterprise values: €100m to €1bn).

[3] Altamir has no exposure to investments made by the Israel-focused AMI Opportunities fund, advised by Apax Partners LLP, launched in December 2015.

Headquartered in London, Apax Partners LLP is one of the world's leading private equity investment groups, advising over €34bn of funds investing in larger-cap companies (enterprise values: €1-5bn) in Europe (outside France), North America and the principal emerging economies (Brazil, China, India). With 20 professionals in Paris, and more than 100 professionals across the eight Apax LLP offices worldwide, the Apax Partners investment teams are among the largest and most experienced private equity teams in France and worldwide.

The fund manager: Altamir Gérance

The manager's view: Broadening a proven strategy

Chairman and CEO of Altamir Gérance, Maurice Tchenio emphasises how important Apax Partners' sector specialisation is in differentiating Altamir from peers. In particular, the specialisation in the TMT sector is cited as a key distinguishing feature with very few private equity investment companies possessing the requisite depth of experience to focus on the technology subsector. Apax Partners' longstanding expertise in this sector is seen as a strong competitive advantage in generating deal flow, winning deals and creating value. Tchenio highlights that the Apax investment teams' established credentials in its four specialist sectors enable the most attractive investment opportunities to be targeted as well as sourcing proprietary deals, where limited competition in the acquisition phase results in higher expected returns on investment. Reinforced by the rigorous investment processes that are followed and the hands-on involvement of the Apax teams, these attributes are believed to create superior value creation prospects across the investment portfolio which Tchenio sees reflected in Altamir's track record of 12% a year NAV growth (adjusted for dividend payments) over the last five financial years (to end 2015).

Altran and Buy Way provide two contrasting examples, illustrating the differing profiles of investments made under Apax Partners' investment approach. Altran is a global leader in innovation and high-tech engineering consulting, which was publicly listed in June 2008 when the funds managed by Apax (in combination with Altamir) became the leading shareholder (17% of capital and 30% of voting rights) with Altamir acquiring an 8% stake for €52m. Apax had studied R&D outsourcing companies from 2002, identifying Altran as a potential target and monitoring its performance and strategy until 2007 when it approached the company as capital restructuring options were being considered. Altran had a leading position in a growing market and significant potential was identified for margin expansion through transforming its business model. Since the investment was made, value creation has been achieved through strategic acquisitions, improving the cost structure and enhancing the management team (new CEO appointed in 2011 and replaced in June 2015). Altran's valuation at end June 2015 stood at 1.8x investment cost.

Buy Way is a leading consumer credit provider in Belgium and Luxembourg with a c €400m loan portfolio. Apax funds acquired a majority holding in the company from BNP Paribas in October 2010 with Altamir taking a 38% stake for €5.6m. Altamir sold this investment to Chenavari Investment Managers in April 2014 for €40m equating to an exit multiple of 8.3x investment cost when dividends received are taken into account. The terms of the sale transaction included two earnouts due in 2015 and 2016 which could yield additional proceeds equal to 1.2x the acquisition price. Apax had closely monitored asset disposals by financial institutions since the financial crisis and leveraged longstanding relationships within BNP Paribas to source the deal. In addition to the attractive pricing of the deal, Buy Way was seen to have unique proprietary capabilities and IT infrastructure with a robust, low-cost business model that could be leveraged to create a business that would be highly attractive to both trade and financial buyers. Value creation was achieved through recruiting an experienced management team, converting the low-margin amortising loans into a higher-margin revolving loan, growing insurance revenues, developing third-party support services and completing a €250m securitisation programme.

Tchenio is committed to broadening Altamir's portfolio diversification while maintaining its well-defined investment strategy and sector specialisation through investing via Apax Partners' funds. As an initial step in this diversification in 2012, Altamir committed to invest €60m (c 12% of prevailing net assets) in the €5.8bn Apax VIII LP fund. The size of this commitment was constrained by Altamir having made a €200-280m commitment to the Apax France VIII fund in 2011 and the intention is to make a significantly larger investment commitment to the Apax IX LP fund. Increasing geographic diversification within the portfolio is reflected by the fact that companies generating the majority of their profit outside France accounted for 32% of total investment cost at end December 2015 compared with 18% at end December 2011. The ambition is to grow assets under management to €1bn, enabling Altamir to become a major partner of both Apax Partners France and Apax Partners LLP as well as increasing the liquidity of Altamir shares.

Asset allocation

Investment process: Fundamental sector-focused approach

Altamir invests exclusively with Apax Partners, primarily through commitments to funds managed by Apax Partners France and funds advised by Apax Partners LLP but also through direct co-investment in specific companies alongside the Apax funds. Altamir's role includes: the selection of investment managers (in principle it could allocate funds to other managers); due diligence on each new fund launch and co-investment opportunity; determining asset allocation by setting the size of the investment commitments made to each fund and co-investment; managing cash flows; and compliance with market regulations. Cash management is a critical element of private equity investment and commitments to each new fund launch or co-investment are based on an assessment of projected cash flows from existing investments with the aim of minimising cash drag on performance while maintaining adequate financial resources to cover draw-downs, ongoing charges and dividend payments. Altamir operates independently from Apax Partners MidMarket (management company of the Apax France VIII and IX funds) and Apax Partners LLP and has no direct influence over the funds' investment and divestment decisions and therefore cannot control the related cash flows.

From 1995 to 2010, Altamir co-invested alongside Apax France funds, adjusting its co-investment rate at the beginning of each calendar half-year based on its cash flow forecast. Since the launch of the Apax France VIII fund in 2011, Altamir has invested primarily through, rather than alongside, the fund while retaining the ability to adjust its commitment rate. In 2012, Altamir broadened its strategy to include investing in funds advised by Apax Partners LLP, providing scope to increase substantially the diversification of its investment portfolio by geography as well as company size while maintaining its well-defined investment methodology and sector specialisation.

Apax Partners France and Apax Partners LLP pursue a common investment strategy, backing companies with high growth potential, primarily through LBO and growth capital transactions. While Apax Partners has historically made venture capital investments, on the launch of the Apax France VII fund in 2006, the strategy was refined to exclude these earlier-stage investments. Altamir's last remaining venture capital investment in DBV Technologies was sold in 2014 and there are no plans to make any further investments of this type.

Apax has four sectors of specialisation: Technology-Media-Telecom (TMT), Retail & Consumer, Healthcare, and Business & Financial Services, and invests in companies believed to have the potential to become market leaders in their respective industries within a typical investment horizon of five years. The investment teams seek to identify established companies with sound fundamentals that have entrepreneurial management with ambitious growth and value creation objectives, and a clear competitive advantage (technology, concept, brand) or unique business model (barriers to entry, resilience to a cyclical downturn).

The primary objective of the Apax funds is to invest in unlisted companies, but there is no restriction on investing in listed companies, provided that the company falls within the scope of the investment strategy. When an unlisted portfolio company is floated, irrespective of any lock-up clause, the investment team may choose to maintain the portfolio holding in the expectation of obtaining a better exit valuation in due course.

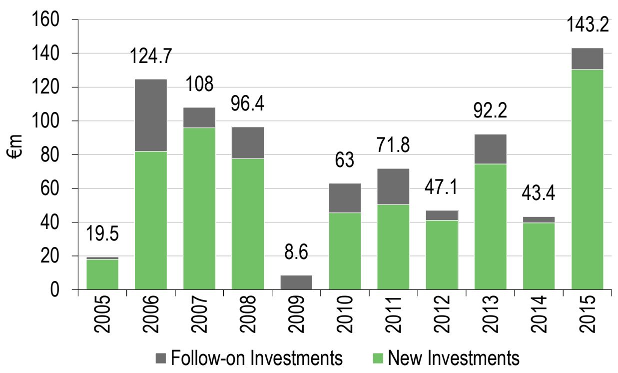
When an investment identified by Apax Partners for its funds requires a capital investment exceeding an amount that the funds wish to commit out of their own capital, the funds' investors are in most cases invited to co-invest in the new portfolio company alongside the fund. Altamir's first such co-investment was made in December 2013, with an investment in Snacks Développement (5.5% of portfolio fair value at end June 2015) alongside Apax France VIII.

Investments, commitments and divestments

Exhibit 3 shows Altamir's annual investments and divestments over 10 years, highlighting the high level of investment activity in 2006 to 2008 prior to the financial crisis, with many of these investments still to be sold and contributing to the maturity of the current portfolio. Combined with Altamir's strong track record of achieving healthy valuation uplifts on exit from portfolio investments (see Exhibit 8), the relative maturity of the portfolio suggests encouraging prospects for potential NAV growth in the near term.

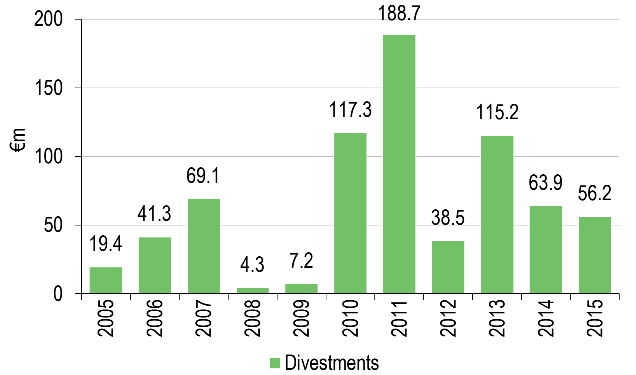
Exhibit 3: Investment and divestment activity over 10 years

Annual investments and investment commitments over 10 years



Source: Altamir, Edison Investment Research

Annual divestment proceeds over 10 years



Source: Altamir, Edison Investment Research

Increased deal flow in 2015

During 2015, Altamir made new investments and investment commitments totalling €143.2m, substantially ahead of 2014 and surpassing the previous peak level in 2006. This comprised €130.3m of investments in 12 new companies and €12.9m of follow-on investments in existing portfolio companies, principally Albioma and SK FireSafety Group. While at €56.2m, the value of completed divestments was slightly lower than in 2014, including the €32m to be received from the GFI Informatique and Rhiag sale transactions signed at the end of 2015 divestment proceeds totalled €88.2m, comfortably exceeding 2014. New investments announced in 2015 cover a wide range of businesses across Altamir's four sectors of specialisation and are predominantly based outside France, increasing the portfolio's geographic diversification.

Three new commitments totalling €106.4m were made via and alongside the Apax France VIII fund. The largest of these was a €50m commitment (€34m via the fund and €16m directly) to acquire Marlink, the commercial satellite communication business being sold by Airbus Group. This investment will be shared between the Apax France VIII and Apax France IX funds. €34m was committed to the acquisition of Melita, the leading converged telecoms operator in Malta, with 99% market coverage and more than110,000 unique subscribers. A €22.4m commitment was made to acquire Cabovisão and ONI from the Altice group. Cabovisão is the second largest cable operator in Portugal offering pay TV, internet and fixed line telephony services with coverage of more than 900,000 homes and 200,000 subscribers. ONI is one of the leading telecoms operators in Portugal providing services to corporate customers.

€24m was invested and committed via the Apax VIII LP fund in nine new investments across North America and Europe. The largest of these were €4.4m in AssuredPartners, one of the largest independent insurance brokers in the US; €4m in FullBeauty Brands, the market leader in the US plus-size apparel D2C market; €3.3m in RFS Holland, which operates Wehkamp, a leading Netherlands-based online department store; and €3.2m in Indian company Shriram City Union Finance, a consumer credit company principally providing non-corporate small business finance, motorcycle loans and loans against gold collateral. Following commitments made in 2014, the Apax VIII LP fund also completed new investments of €3.4m in Evry, a leading Northern European IT services provider based in Norway, and €3.2m in Exact Holding, the leading Dutch provider of business software for SMEs.

Realisation proceeds totalled €56.2m in 2015, principally comprising €28.3m from debt refinancing the investment in Altran, €16.3m from the part sale of Amplitude Surgical at its IPO on Euronext Paris and €11.0m from the part sale of Capio at its IPO on Nasdaq Stockholm. In June 2015, the Apax France VI fund distributed the majority of the shares of Albioma (its last remaining investment) to its investors, giving Altamir direct control over its 12% stake, valued at €53m at end 2015. Altamir expects to receive c €30m from the sale by Apax Partners France (jointly with Altamir) and Boussard & Gavaudan of a 51% equity stake in GFI Informatique to Mannai Corporation at €8.50 per share, a 34% premium to the volume-weighted average share price during the 20 trading days before the announcement in November 2015. This transaction highlights the valuation upside potential that can exist for listed as well as unlisted portfolio companies. The receipt of a further €2.0m is expected from the sale of Italian company Rhiag, the first divestment realised by the Apax VIII LP fund, generating a 60% IRR with the sale price representing a 3.3x multiple of cost.

Outstanding commitments and financial resources

At 31 December 2015, Altamir had net cash of €38.2m (compared with €70.1m at end 2014) and a €47m credit facility, giving financial resources of €85m against total outstanding commitments of €125m. Outstanding commitments include €99m to the Apax France VIII and Apax VIII funds, which reduces to c €21m excluding commitments made to Marlink, Melita, Cabovisão/ONI and SK FireSafety Group. Although the Apax France VII fund is fully invested, Altamir has a residual co-investment commitment estimated at c €10m for follow-on investments in existing portfolio companies. While there is an apparent funding shortfall, also taking into account ongoing charges and dividend payments, the likely timing of fund draw-downs and divestments suggests there little risk of Altamir having insufficient funds to meet its commitments, a view reinforced by Altamir's decision to maintain its commitment to the Apax France VIII fund at the upper limit. As well as having a mature portfolio with the prospect of near-term realisations, Altamir's directly held listed investments provide a potential source of additional funding if required.

Fundraising has begun for both the Apax France IX and Apax IX funds, which are expected to be launched in the next six months. Altamir has committed to investing €220-300m in the Apax France IX fund, with the option of adjusting its commitment level to available cash every six months. Altamir's commitment level to the Apax IX fund will be based on a detailed analysis of the likely timing of projected drawdowns to meet its existing commitments, together with expected cash inflows from divestments. As investment periods typically run for five years from the fund's closing, the scale of Altamir's commitment to the Apax IX fund should not raise any concerns over funding in the near term. Of more interest will be the relative size of Altamir's commitments to each of these funds, which will give an indication of the further portfolio diversification that could be expected over the medium term.

Current portfolio positioning

Altamir is broadening its portfolio diversification through its €60m commitment to the Apax VIII LP fund which has a global mandate. While this commitment represents less than 10% of Altamir's current portfolio value, the Apax VIII LP fund contributed nine new investments to the portfolio in 2015, bringing the number of underlying holdings to 36 at 31 December 2015. Overall, Altamir retains a concentrated portfolio with the top 10 underlying holdings (see Exhibit 4) accounting for 77% of the portfolio fair value at 31 December 2015. In spite of this concentration, the portfolio is well spread by investment vintage (see Exhibit 1) with over half of the portfolio, including five of the top 10 holdings, dating from 2008 and earlier and the balance of the portfolio distributed relatively evenly over 2010 to 2015. Following the IPOs of Capio and Amplitude Surgical, there were nine listed companies in the portfolio representing 40% of total fair value as at 31 December 2015, compared with 29% at end 2014.

Exhibit 4: Top 10 underlying holdings (77% of portfolio fair value) as at 31 December 2015

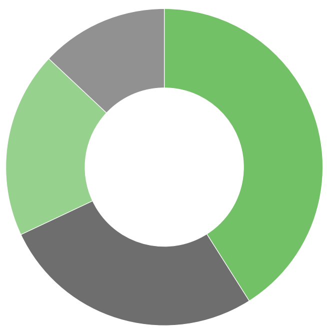
Infopro Digital	France's leader in business-to-business information, Infopro has grown rapidly, making over 30 acquisitions since it was founded in 2001, building leadership positions in its target segments by developing a multimedia offering oriented around databases, websites, trade shows and trade publications. Technical innovation and an active acquisition strategy remain central objectives.
Altran	Altran is a global leader in innovation consulting, offering premium level consulting services in R&D, technology, strategy and organisation. Generating 45% of its revenues in France, Altran has 18,000 consultants in over 20 countries. Clients are leading global companies in aeronautics and defence, manufacturing, energy, telecommunications, finance and pharmaceuticals.
GFI Informatique	An international IT services provider mainly targeting large corporations, public entities, and local authorities. Four strategic offerings cover all stages of the information system life cycle: consulting, systems integration, infrastructure & production, and solutions. The group has over 40 branches in France, and eight international agencies in southern Europe, northern Europe, and Morocco.
Albioma	Albioma designs, builds and operates steam and electricity generation facilities. Its energy sources include fossil fuels, biomass and solar power. Activities are concentrated in energy production using bagasse (by product from sugar cane processing) and coal-fired cogeneration plants. Albioma provides 50% of total electricity production in Reunion and Guadeloupe, and 30% in Mauritius.
Group INSEEC	A provider of higher education services in areas such as management, luxury products, oenology, communications, health, tourism and sports. The group comprises 12 colleges in France and overseas, backed by a network of 200 partner universities. The group aims to expand its portfolio of programmes and increase the number of campuses and exchanges with international universities.
THOM Europe	A leading jewellery retailer in Europe, created in 2010 from the merger of two leading French jewellery retailers, the Histoire d'Or and Marc Orian groups. THOM Europe encompasses three brands, Histoire d'Or, Marc Orian and Trésor, operating through a network of more than 550 points of sale, primarily located in shopping malls, with a presence in France, Italy, Belgium and Portugal.
Snacks Développement	Specialising in producing of savoury snacks exclusively under the brands of its retailing clients for over 20 years, Snacks Développement is the market leader in France with annual production of 21,000 tons across more than 200 products. The company continues to expand across France and Europe, maintaining a sustained pace of product innovation and industrial investment.
Texa	A leading loss adjuster in France serving major insurers, covering non-life insurance segments and large technical risks, in 2009 Texa acquired AlloDiagnostic, France's first integrated national network of real estate diagnosis inspectors. The company aims to broaden its service offering and expand its network as well as take opportunities to make bolt-on acquisitions.
Amplitude Surgical	The leading French provider of orthopaedic implants for hips and knees. Founded in 1997, Amplitude designs and sells a full range of orthopaedic prostheses, marketing its products to more than 300 surgeons in hospitals across France via a network of exclusive agents. Through acquisition, Amplitude has strengthened its presence in target export markets Australia and Brazil.
Capio	A leading, pan-European private healthcare provider offering a broad range of high quality medical, surgical and psychiatric healthcare services through its hospitals, specialist clinics and primary care centres. Founded in Sweden in 1994, the Capio group has grown rapidly through acquisitions and now manages 179 clinics in Sweden, Norway, France and Germany.

Source: Altamir, Edison Investment Research

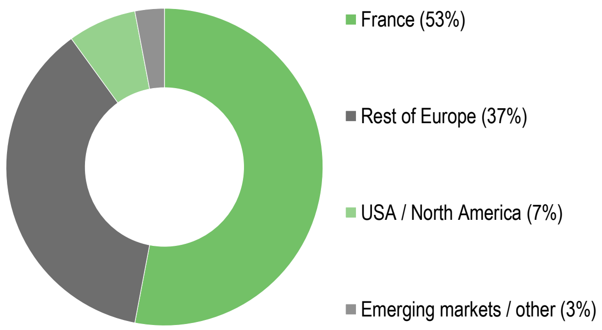
Altamir's sector and geographic exposures are key differentiating features in comparison to listed private equity peers. Exhibit 5 shows Altamir's portfolio exposure across Apax's four sectors of specialisation, with TMT representing the largest exposure at 31 December 2015. The relative weighting of each sector can vary considerably, reflected in a 6pp decrease in TMT exposure and 3pp increases in Business & Financial Services and Retail and Consumer exposures compared with end June 2015. The right-hand chart in Exhibit 5 shows Altamir's France-focused European exposure with a small but growing exposure to North America and emerging markets in terms of NAV.

Exhibit 5: Portfolio sector and geographic exposure at 31 December 2015

Sector analysis of portfolio by fair value



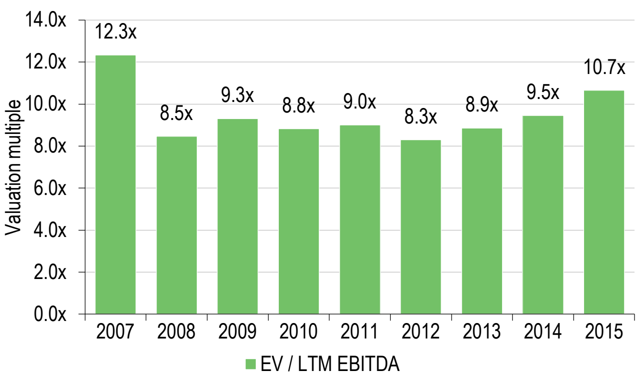
Analysis of portfolio company revenues weighted by NAV contribution



Source: Altamir, Edison Investment Research

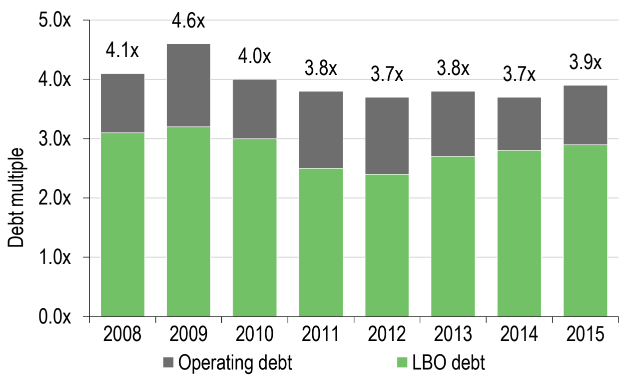
The average valuation multiple of Altamir's portfolio investments, represented by EV/LTM EBITDA, has remained relatively stable, ranging from 8.3x to 10.7x and averaging 9.5x since 2008 (see Exhibit 6). This analysis excludes Vocalcom and the 21 companies held via the Apax VIII LP fund, which had an average valuation multiple of 11.9x LTM EBITDA at end December 2015. The increase in average valuation multiple since 2012 is primarily a reflection of the stock market's rising trend. Exhibit 7 illustrates the stability of the average debt multiple of the constituents of Altamir's portfolio (excluding Vocalcom and the 21 companies held via the Apax VIII LP fund, which had an average debt multiple of 5.3x LTM EBITDA at end December 2015).

Exhibit 6: Portfolio average valuation multiple



Source: Altamir, Edison Investment Research

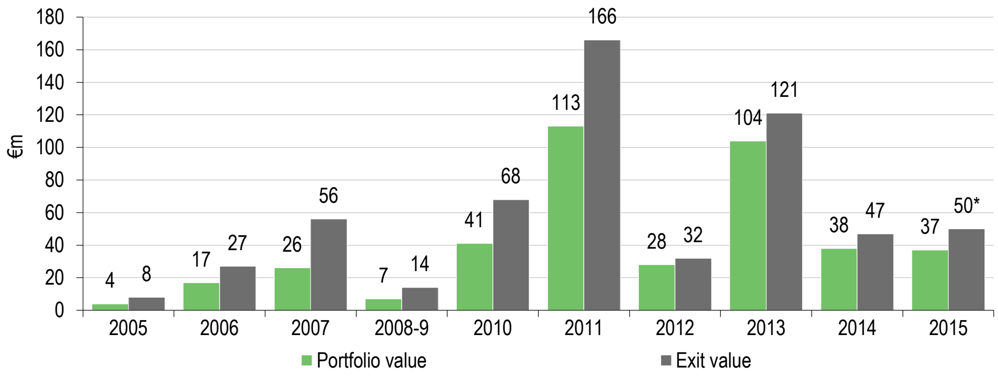
Exhibit 7: Portfolio average debt multiple



Source: Altamir, Edison Investment Research

Further comfort over portfolio valuation levels can be gained from Altamir's strong track record of achieving annual valuation uplifts on exit from portfolio investments ranging between 13% and 120%, generating an average 41% uplift over the last 10 years (see Exhibit 8).

Exhibit 8: Valuation uplift on exit from portfolio investments over 10 years



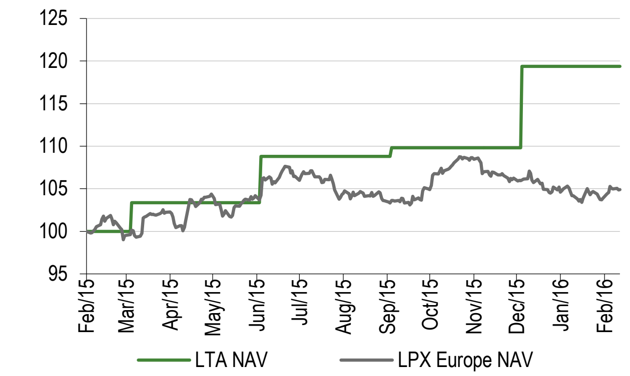
Source: Altamir, Edison Investment Research. Note: *Uplift on part-sale of Capio at IPO based on proportion of total investment cost; GFI Informatique and Rhiag transactions not included.

Performance: Ahead of PE peers over three to 10 years

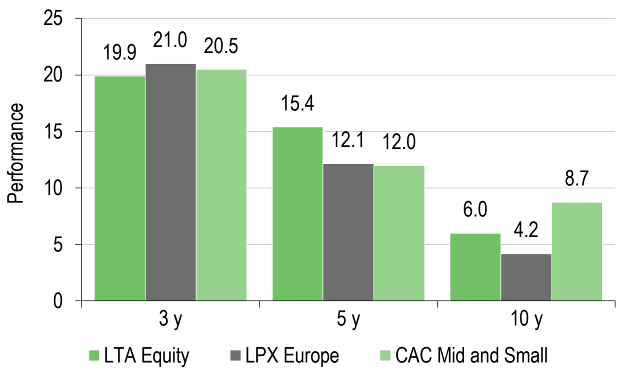
As shown in Exhibit 10, Altamir's NAV total return has outperformed its listed private equity benchmark, the LPX Europe index, over three, five and 10 years. In contrast to the CAC Mid and Small index rally, which has faded since March 2015, Altamir has seen a strengthening of its performance with a noticeable step-up in NAV in the June quarter as two of its portfolio companies, Capio and Amplitude Surgical, were floated, and a stronger uplift in the December quarter, driven by the agreed sale of GFI Informatique. Exhibit 11 illustrates the differentiated performance that Altamir has delivered relative to its private equity peer group over five years, with the outperformance trend punctuated by sharp adjustments reflecting Altamir's quarterly reporting of NAV with unlisted investments only revalued at six-monthly intervals.

Exhibit 9: Altamir's performance to 31 December 2015

NAV and benchmark total return performance, one-year rebased



Price and benchmark total return performance (%)



Source: Thomson Datastream, Bloomberg, Morningstar, Edison Investment Research. Note: Three, five and 10-year performance figures annualised.

Exhibit 10: Share price and NAV total return relative performance, versus indices

	Three years	Five years	10 years
NAV relative to LPX Europe NAV	9.7	20.3	35.1
Price relative to LPX Europe	(2.7)	15.4	18.8
Price relative to CAC Mid and Small	(1.4)	16.3	(22.6)

Source: Thomson Datastream, Bloomberg, Morningstar, Edison Investment Research. Note: Data to end December 2015. Geometric calculation.

Exhibit 11: NAV total return performance relative to LPX Europe index over five years

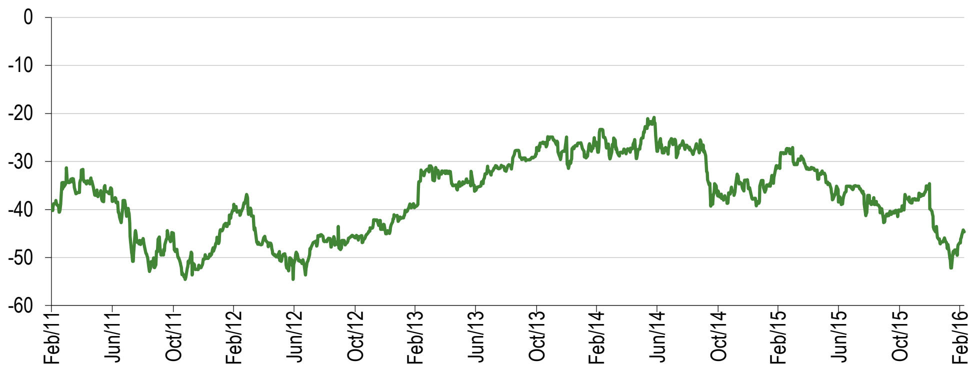
Source: Bloomberg, Morningstar, Edison Investment Research

Discount: Recent widening

As illustrated in Exhibit 12, Altamir's share price discount to NAV has moved in a range between 18% and 55% over the last five years. The discount followed a narrowing trend from July 2012, reaching 18% in June 2014 since when it has widened and currently stands at 44.6%, noticeably wider than its 37% five-year average. Rather than reflecting performance, the recent widening appears largely to be a reflection of equity market sentiment. Although it currently stands higher than at end June 2014, the CAC Mid and Small index has recently seen three weaker periods, declining 18% from June to October 2014, 13% from July to September 2015 and 16% during January and February 2016, broadly corresponding with the weakening of Altamir's share price while its NAV continued to make steady upwards progress.

The widening discount could be seen as creating an attractive opportunity to invest in Altamir, given the strength of its performance track record, maturing portfolio and the historical valuation uplift that has been achieved on divestments (41% average over the last 10 years), which is an encouraging indicator of the potential for future NAV gains. The recently announced part sale of GFI Informatique at a 32% premium to market value serves to illustrate that significant uplifts in value on corporate action are also possible within the listed element of the portfolio, crystallising potential value identified by Apax managers. This suggests that significant scope exists for the discount to narrow on the announcement of successful realisations. Major shareholder Moneta Asset Management (see Exhibit 1), which has supported recent steps taken to improve corporate governance and financial communication aimed at addressing the wide discount, also sees the realisation of assets as a potential catalyst for the discount to narrow.

Exhibit 12: Share price discount to NAV over five years (%)



Source: Thomson Datastream, Morningstar, Edison Investment Research

Capital structure and fees

Altamir has 36.5m ordinary shares and 18,562 preferred (Class B) shares in issue. There has been no change to the ordinary share capital since the exercise of share warrants in March and September 2008 and the partial payment of the 2007 dividend in shares. At 31 December 2015, 34,211 ordinary shares were held in treasury and these shares are allocated to maintaining secondary market liquidity. Altamir has annually renewed authority to repurchase up to 1% of its issued share capital (net of shares resold) to provide liquidity.

As an SCR, Altamir's debt may not exceed 10% of its statutory net book value, equating to a limit of €51.7m at 31 December 2015. During the first half of 2015, Altamir replaced its €26m overdraft facility with a revolving credit facility of up to €47m. At 31 December 2015, €8.5m was drawn against this facility, while Altamir held €46.7m in cash equivalents and other financial assets that the company considers as cash. This equated to gross gearing of 1.3% and net cash of 5.6%.

Altamir Gérance, the management company, is paid a management fee at a rate of 2% per annum of statutory book value, calculated for each half-year at a rate of 1% of the period's opening book value prior to allocating net income and adjusted pro rata for any capital increase during the period. Statutory book value generally stands at a discount to consolidated NAV as unrealised portfolio gains are not recognised in the statutory accounts and for 2014 the management fee paid equated to c 1.5% of consolidated NAV. 20% of net realised gains (carried interest) are paid to the management company and investment team, subject to a high water mark. These carried interest payments are made via Class B share distributions. The ongoing charge at the Altamir level (direct fees) was 1.8% of NAV for 2014 (latest published figures). Including fees levied by the underlying funds (indirect fees), the total ongoing charge was 2.7% of committed and invested capital. Altamir is unusual in providing full disclosure of direct and indirect fees (expenses, management fees, performance fees) and these figures are therefore not readily comparable with the stated ongoing charges for many peers.

Dividend policy

Altamir pays an annual dividend in May each year. In 2013, Altamir established a new dividend policy to pay out 2-3% of NAV as at the end of the previous financial year, effective from FY12. The change was implemented to enable a sustainable dividend to be paid, which has the potential to grow over time and also to provide shareholders with greater visibility over the payout. The previous dividend distribution policy was to pay 20% of restated net income, which led to no dividends being paid for the years FY08 to FY10 as a net loss was reported. In each of the financial years 2012 to 2014 the dividend rate was set at 3% of NAV and the payout increased from €0.41 to €0.50 per share (see Exhibit 1), equating to growth of 10% pa. Altamir's NAV per share has risen from €16.04 at 31 December 2014 to €18.60 (after €0.50 dividend payment) at 31 December 2015 and, continuing the 3% payout rate, a dividend of €0.56 has been proposed for FY15 (to be approved by shareholders at the AGM on 15 April 2016) representing a 12% increase from FY14.

Peer group comparison

Exhibit 13 shows a comparison of Altamir with a selected peer group of UK, European and global closed-ended private equity funds. Returns are shown in base currency and in euro terms; with base currency performance reflecting the manager's performance in their functional currency and performance in euro terms providing comparability of historical returns to an investor taking currency effects into account. In base currency terms, Altamir's NAV total return is ahead of the peer group average over three and five years but lower than the average over 10 years based on a smaller sample. We note that the decline of the euro against sterling and the US dollar over the five years to end December 2015 has an unfavourable effect when comparing Altamir's performance against companies with significant exposure to the UK or the US. Over three and five years, the euro declined by 10.9% and 16.6% against sterling, although it gained 6.5% over 10 years. Altamir's NAV total return in euro terms is ahead of the peer group average by a slimmer margin over three and five years and lower than the average by a more modest amount over 10 years. As shown in Exhibit 10, Altamir's NAV total return has outperformed the LPX Europe index over three, five and 10 years. Altamir's share price discount to NAV is the widest in the peer group by some margin which appears largely to be a reflection of recent equity market sentiment and suggests significant scope for it to narrow. Like the majority of peers, Altamir is ungeared while its 5.4% yield is above average among only six dividend-paying companies within the peer group of 12.

Exhibit 13: UK, European and global private equity peer group at 31 December 2015*

% unless stated	Base crncy	Market cap	Returns in base currency terms NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Returns in euro terms NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (ex-par)	Net gearing	Dividend yield (%)
Altamir	€	€375.5m	50.6	77.9	104.6	50.6	77.9	104.6	(44.6)	100.0	5.4
Deutsche Beteiligungs	€	€359.1m	53.9	66.8	237.4	53.9	66.8	237.4	18.0	100.0	3.8
GIMV	€	€1,139.4m	20.5	18.4	47.0	20.5	18.4	47.0	7.1	100.0	4.0
Electra Private Equity	£	£1,397.4m	60.0	92.4	242.9	76.0	123.7	219.7	(10.2)	104.0	
HarbourVest Global Priv Equity	£	£726.8m	41.4	74.8		71.6	115.9		(18.7)	96.0	
HgCapital Trust	£	£412.4m	25.3	44.9	182.5	37.9	68.4	163.4	(21.8)	100.0	
ICG Enterprise Trust	£	£372.7m	27.1	56.9	104.4	39.8	82.5	90.6	(28.2)	100.0	3.0
Oakley Capital Investments	£	£274.3m	9.9	18.5		21.0	37.7		(27.5)	100.0	
Pantheon International	£	£797.1m	37.4	69.4	115.6	51.2	96.9	101.0	(28.9)	100.0	
Princess Private Equity	£	£486.8m	36.0	45.9		36.0	45.9		(25.0)	94.0	7.7
Standard Life Euro Private Equity	£	£303.8m	32.9	41.2	102.3	46.3	64.1	88.6	(32.5)	100.0	2.7
SVG Capital	£	£773.0m	61.2	99.6	(3.1)	77.4	132.1	(9.7)	(25.5)	76.0	
Average			**38.0**	**58.9**	**125.9**	**48.5**	**77.5**	**115.8**	**(19.8)**	**97.5**	**4.4**

Source: Morningstar, Edison Investment Research. Note: *Market cap, discount and dividend yield as at 9 March 2016. TR=total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

Ongoing charges are not reported consistently across the peer group and Altamir is unusual in providing full disclosure of direct and indirect fees. In some cases, only company-level expenses are reported with management and performance fees levied by the underlying funds offset against NAV and not included.

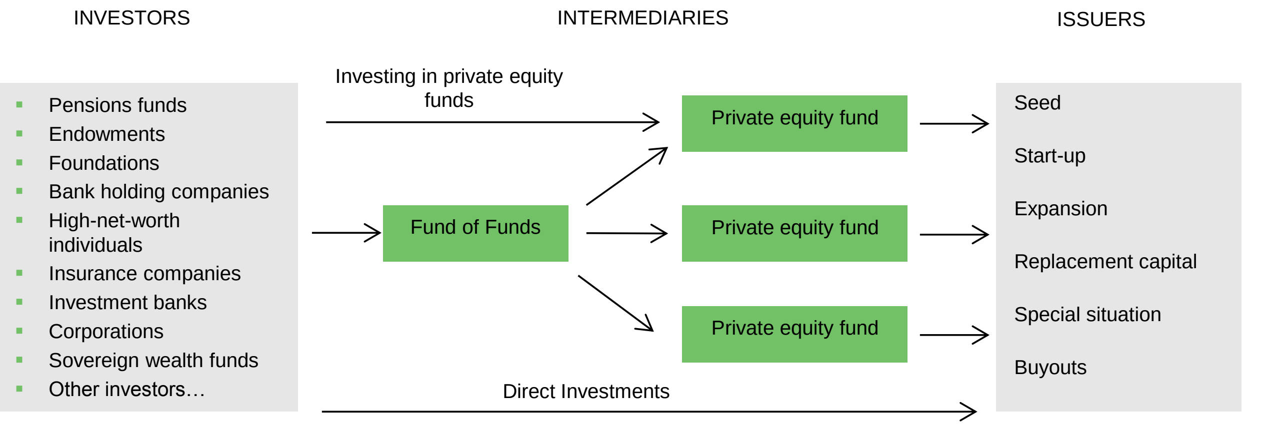
Supervisory board

Since Joël Séché's retirement in April 2015 after close to eight years' service, including seven as chairman, Altamir's supervisory board has comprised six independent members who all have experience as heads of companies with expertise in Altamir's sectors of specialisation. Jean-Hugues Loyez (appointed in June 2007) who succeeded Joël Séché as chairman in March 2015, was CEO of Castorama from 1984 to 1992, and chairman and CEO from 1992 to 2002. Jean Besson (appointed in April 1996) has extensive experience in information technology, most recently as CEO of Questel Orbit, a global leader in intellectual property database management. Gérard Hascoët (appointed in April 2004) held management positions in the medical division of Thomson Groupe before becoming founding chairman and CEO of Technomed International, IMMI, and Sometec. Philippe Santini (appointed in April 2006) previously served as general manager of the Havas group and has served as chairman and CEO of Aprovia and Groupe Industrie Services Info. Marleen Groen (appointed in March 2014) has over 30 years' financial services experience including 18 years in the global private equity secondary market and is a senior adviser at global private markets specialist StepStone. Sophie Stabile (appointed in April 2014) has spent 15 years at Accor, acting as global CFO from 2010 and appointed as CEO of HotelServices France in October 2015.

Appendix: Private equity market background

Private equity is a form of funding that enables companies to access capital without seeking a stock market listing. Broadly, the finance available falls into three areas: venture capital, funding start-ups and early-stage companies; growth capital, to fund expansion; and buyout financing, which enables a change of ownership of an existing company, often taking it into the hands of its managers (management buyout). Private equity funding may also be used in situations such as replacement capital (where, for example, a founding shareholder wishes to realise their investment), or 'special situations', such as rescuing and restructuring companies in financial distress.

Exhibit 14: Private equity market schematic



Source: The CityUK, Federal Reserve Bank of Dallas, EVCA, Thomson Reuters, PricewaterhouseCoopers

This type of direct private equity investment is usually undertaken by specialist firms, which may offer expertise as well as investment, helping to refocus or restructure businesses through operational and/or board involvement. These firms, known as 'general partners' (GPs) of which Apax Partners France and Apax Partners LLP are examples, may structure portfolios of their investments as a fund, typically with a fixed life and containing a mix of investee companies. Such funds are usually structured as limited partnerships and the investors in them are known as 'limited partners' (LPs). Sometimes private equity investments may be sold in the market rather than being held by the GP until maturity; this is known as a secondary investment.

The size of minimum investment required from an LP puts these vehicles out of reach of most individual investors, although they may be accessed by pension funds and other institutional investors (see Exhibit 14). Individual investors can access the asset class by investing in a listed private equity fund, which may make investments directly or through a portfolio of underlying funds.

In comparison to listed equities, private equity is relatively illiquid. Funds are committed by the GP for a certain time period, and may not all be drawn at the outset, so further funding commitments may exist. In addition, underlying portfolio holdings are usually valued quarterly, so a time lag is inherent in the stated net asset value. The trade-off for illiquidity and relative lack of transparency is the greater growth potential of earlier-stage companies or those undergoing transformation, although equally, less established companies or those that have a troubled recent history will carry a higher level of risk. While these risks cannot be mitigated entirely, investing via a listed private equity fund can give the smaller investor access to a diversified portfolio and the benefit of a team of experienced investors choosing and monitoring the underlying holdings.

Listed private equity funds benefit from having a permanent pool of capital that allows the formation of a stable portfolio without the need to sell investments to meet redemption requests. The corollary to this is that when demand for such strategies is low, investors who wish to sell may have to settle for a price significantly below the underlying asset value.

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