

## Montefiore, a French Fund among the world's best GPs

Private equity funds play a major role in financing modern economies. Among this universe of over a thousand GPs worldwide, Preqin's "Consistent Performers" ranking is a reference to identify the best players.



The French GP Montefiore Investment has reached the top 20 of this league table, based on the quality and the consistency of its performance. Behind this success? A strong focus on service mid cap SMEs - "locally supplied services" – and a recognized expertise in the internationalization and the digitalization of companies.

Eric Bismuth, CEO of Montefiore, tells us about this success story *made in France*.

### International recognition by Preqin

*"We are not trying to be in the spotlight, but we strive to be the best in our sector, over the long term."* Mission accomplished for Montefiore Investment, founded by Eric Bismuth in 2005, so says the latest edition of the Preqin ranking.

In April, the “ultimate reference of the industry”, ranked Montefiore Investment 16<sup>th</sup> of its worldwide Top 25 (dominated by Anglo-Saxon funds), and number 4 in Europe. Moreover, Montefiore is the only French Fund on the list. Since inception, companies that have partnered with Montefiore Investment have grown at an average rate of more than 15% per year, in any economic environment.

### **The Montefiore touch: « Focus & Growth »**

Montefiore’s secret? *« We don’t focus on improving margin rates. On the contrary, we are prepared to bear additional costs to reinforce management teams, to encourage the company to develop new activities, services and products, or to open new subsidiaries abroad »* explains Eric Bismuth.” *After 4 to 7 years, however, we end up having created a stronger business, more diversified in terms of product offer and geography, with growing earnings matching growing sales. Profitable growth is what drives value creation*”, he outlines, going against the typical image of funds obsessed with cutting costs.

*« We are especially working on organic growth stimulation, internationalization and digital transformation »*. The partnership with BVA, a leading player of market surveys is a good example of this method. The French SME, which used to realize €60m in sales, of which 90% in France, has become in 5 years a global group and has tripled in size. Montefiore Investment backed BVA’s four growth avenues: the broadening of its service offer (both organically and through targeted acquisitions), its internationalization (in particular in the United States), the development of new methods around *big data* and nudge, which aims at influencing consumer behavior, and the reinforcement of its management. This strategy of *“transforming growth”* is the essence of Montefiore’s strategy.

Specializing in locally-supplied services was not a random choice for Eric Bismuth as *“our investment team gathers over 200 years of expertise in service businesses in France”*: this provides the fund with a very specific know-how. *“Our experience covers not only finance, but also management, strategy and entrepreneurship. Allowing companies to genuinely think about innovation and external growth takes real sector experts.”*

This is the core of the *“Focus & Growth”* strategy: *to focus on a specific sector to accompany selected companies in “ambitious growth projects”*. Therefore, the choice of the entrepreneurs to partner with is essential. Montefiore’s prism? In addition to finding managers with the right professional skills, Montefiore’s partners want to build a personal relationship of confidence with *“true entrepreneurs, who are taking risks to build their success and are willing to enter a partnership in which everyone shares constructive ideas”*.

## Homair Vacances: from regional SME to European leadership

Eric Bismuth tells it loud and clear: he wants to go “*as far as possible*” with the companies he partners with. Homair Vacances is a very good example of this state of mind: in 10 years, the “*entrepreneurial and regional*” SME specializing in campsites went from €18m to €220m in revenues. As early as 2005, Montefiore identified the opportunity based on sector trends. The plan was to provide customers with the modern comfort of mobil homes without losing the warmth and friendliness of camping and to transform campsites into actual resorts providing a broader choice of services and entertainment. Homair Vacances has experienced an accelerated growth, by positioning itself at the forefront of those market trends. In 2009, the group became the leader in France, and strengthened its management team to manage its international development. It acquired the number 2 in England, and started its business in Italy and Spain by opening joint-ventures. It then became the European leader in 2014, by acquiring the British company Eurocamp (which used to be 10 times bigger than Homair back in 2005). What makes Eric Bismuth particularly proud is the constitution of “*a truly great international management team*”. And the adventure is not over yet, as Homair completed two additional acquisitions in Northern Europe in 2017.

## Top-tier investors

The strong relationship between Montefiore Investment and its investors relies on a constantly renewed and mutual confidence. “*We have always exceeded our targets, with a long-term vision*”. Proof of that are fund sizes, which double each time, with a re-up rate of 90% from one fund to another. 40% of Montefiore’s investors come from France, 30% from other European countries, and 30% from the rest of the world (mainly Northern America and Asia). Among them are insurance companies, pension funds, and sovereign funds. “*We don’t have any predominant investor. Our base is very diversified*” details Eric Bismuth, who strives to “*attract the best in each category*”.

What could one wish for Montefiore’s future? “*To be recognized worldwide for the specificity of our approach*”. This wish may be about to be granted, as the Fund has been selected for the first time in 2017 as one of the 5 Continental Houses of the Year by Real Deals.

The Montefiore unicorn keeps growing.

French version of the article available on Strategist:

<https://www.strategist.global/fr/actualites/montefiore-unfrancais-parmi-les-meilleurs-investisseurs-mondiaux>