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Neil Selfe's next project: a 'private-equity-like' fund

By NIALL McGEE

Jack-of-all-financial-trades teams up with pension heavyweight Brian Gibson to create activist 'relationship investing' vehicle

Neil Selfe doesn't sit still for very long. The accountant, turned lawyer, turned investment banker, turned hedge fund entrepreneur, turned investment banker again, turned merchant bank founder, has had an eventful year. And we're only two-thirds done.

In March, after an almost-nine-year run at GMP Capital Inc., he quit and founded Infor Financial Group Inc., a merchant bank and boutique advisory shop. Infor quickly landed lucrative advisory mandates with Element Financial Corp., including being the sole capital markets adviser on its \$2-billion-plus stock sale in May. That same month, Mr. Selfe helped raise \$230-million from investors for Infor Acquisition Corp., a special-purpose acquisition corporation (SPAC).

The shell company has about two years to make an acquisition, or return its capital to investors.

Mr. Selfe isn't stopping there. In the past few months, he's teamed with former pension-fund big-wig Brian Gibson, who is also a board member and shareholder in Infor Acquisition, to start Tavani Relationship Fund – a venture Mr. Selfe describes as "private-equity-like."

"We expect to raise in excess of \$1-billion with a targeted close of early [fourth quarter] 2015," he said in an interview. "We have already held preliminary discussions with a number of global institutional investors who have expressed significant interest in investing."

Tavani – named for an old Hudson's Bay Company trading post in Nunavut – will take minority stakes in publicly traded North American companies and employ a "relationship investing" style – basically a softer Canadian version of the rough-and-tumble U.S. activist style.

"The U.S. activist approach where they're in the newspapers, yelling and screaming at some company, saying 'you guys are idiots, you don't know what you're doing,' " doesn't generally work in Canada, Mr. Gibson says.

Instead, Tavani will agitate for change in a more gentlemanly fashion. It's a style that Mr. Gibson employed frequently during his 17-year run from the mid-1990s through 2012 as senior vice-president of equities at the Ontario Teachers' Pension Plan and then Alberta Investment Management Corp. (AIMCo). At the pension funds, he quietly invested in – and then shook up – a variety of companies from Precision Drilling Corp., to Fording Coal Ltd., to Viterro Inc.

But while relationship investing isn't about being publicly hostile, it's not about being a pushover either.

"Behind closed doors, it's not necessarily polite. Sometimes you have to have tough discussions" and make "difficult decisions," Mr. Gibson said.

While Mr. Selfe and Infor will be involved in bringing in potential deals, doing back-office and administrative work, Mr. Gibson will have ultimate authority over investment decisions. Tavani will be a perpetual fund – unlike a private equity fund, which typically liquidates its investments after seven years.

The fund will consider investments in sectors – oil and gas, industrials, real estate and infrastructure – already familiar to Mr. Selfe and Mr. Gibson through Infor Acquisition's hunt for deals.

When asked if Infor Acquisition is close to making an acquisition, Mr. Selfe said nothing is imminent. A few areas look more promising than others though, he says, including oil and gas services and U.S. financials. He's also been poking around General Electric Co., which has a whole host of financial assets up for sale on the market.

"We've got a really good relationship with GE, having advised Element on GE," he said. (GE recently sold the bulk of its fleet management business to Element.)

"Certainly we would look at appropriate assets out of GE."