

INVESTMENT INTELLIGENCE FOR THE FUND PROFESSIONAL

# INVESTMENT EUROPE

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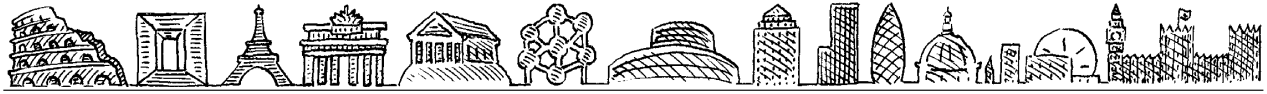
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# Putting the green into alternatives

Alternative Capital Partners' Emanuele Ottina outlines the firm's focus on illiquid alternative investments following ESG principles. **Eugenia Jiménez** reports

Co-founded in Italy in 2018 by Emanuele Ottina and Evarist Granata, Alternative Capital Partners (ACP) SGR is an asset management firm investing in alternatives and applying ESG principles to the entire spectrum of private assets.

Ottina is the firm's executive chairman and the head of the private equity real estate division; while Granata is the firm's CEO and head of the private capital unit. Both form part of the firm's management board, working alongside independent directors Michele Garulli, formerly head of mid-corporate equity investment at Mediobanca; Carlo Durante, founder of Maestrale; and Edmondo Tudini, professor of banking & insurance at the Milan-based business school SDA Bocconi.

Signatory of the Principles for Responsible Investments (PRI) since its foundation, ACP was set up under the belief that the returns that can be generated for investors through investments in alternative illiquid niche segments can be further fed by the focus on ESG sustainability principles, capable of generating concrete and significant impacts on the environment and on the real economy of a country.

Ottina says: "In Italy the segment of illiquid thematic alternative investments remains unexplored: the penetration rate of alternative asset classes is much lower than in other European countries.

"ACP was born to fill this gap and is the only Italian asset manager focused on the entire spectrum of private assets, created with the mission of combining sustainability, innovation and alternative investments."

With a pioneer positioning on



**"IN ITALY THE SEGMENT OF ILLIQUID THEMATIC ALTERNATIVE INVESTMENTS REMAINS UNEXPLORED: THE PENETRATION RATE OF ALTERNATIVE ASSET CLASSES IS MUCH LOWER THAN IN OTHER EUROPEAN COUNTRIES"**

*Emanuele Ottina,  
Alternative Capital Partners*

**BIOGRAPHY**  
Emanuele Ottina, founder & executive chairman, is also head of the private equity real estate division of Alternative Capital Partners (ACP) SGR, responsible for such unit, business development & fund raising.  
Before launching ACP in 2018, Ottina worked at Morgan Grenfell's private equity department for 11 years. Prior to that, he was part of the investment banking unit of JP Morgan, and formerly, he served at Deloitte in Italy, the UK, and the US, where he was part of the company's corporate finance & audit division.

**€2.8bn** Sweden's private equity investments in 2018, up from €1.8bn in 2015

alternative niche segments of private capital and private equity real estate, ACP is now focusing on the launch and management of two closed-end alternative investment funds (AIFs), by integrating ESG principles to all phases of the investment process.

By investing in the development of new green energy infrastructure projects and in urban regeneration of degraded real estate assets – in order to turn them into green and healthy buildings for the benefit of new generations, the firm believes it will be making a significant impact on the real economy of Italy.

While the investment firm is primarily aimed at professional institutional investors, including insurance companies, banking foundations, pension funds, social security funds, banks, private capital, and private equity real estate fund of funds, it also targets private investors such as family offices and wealth management companies.

"They are increasingly interested in innovative alternative illiquid investments and non-correlated financial assets, capable of generating attractive returns and illiquidity premium in an expected scenario of low interest rates in response to the current conditions of volatility," Ottina outlines.

He continues: "Our aim is to combine profit with risk management, generating returns for our investors that are strongly decorrelated from financial market trends, thanks to the adoption of multiple, thematic and diversified alternative strategies."

### ESG VALUATION PLATFORM

According to Ottina, alternative, sustainable and innovative are the firm's key investment motifs and are the decisive elements in the construction of ACP's range of investment solutions.

For the manager, ESG means integrating environmental, social and governance principles into every step of their investment valuation and asset management process, in a way that can provide risk adjusted financial returns to investors while having

a positive impact on the environment and the economy.

ACP considers ESG a crucial factor in evaluating alternative investment opportunities. Proof of this is the fintech investment valuation platform the firm is currently developing. The tool – designed for risk rating (both financial and ESG), pricing and monitoring of the investments in the AIFs that are being launched – will implement a set of financial and ESG metrics based on alternative and traditional data sources for investment risk and asset management activities.

### FUNDS SET TO BE LAUNCHED

ACP is launching two thematic AIFs, which will invest in infrastructure, including social real estate infrastructure, with the aim of supporting the energy transition and the educational growth of new generations, respectively. The strategies will be launched in the forms of both debt and equity instruments.

More precisely, in the energy sector, ACP's strategies seek to compensate for the absence of Italian debt funds investing specifically in new green energy infrastructure projects, including energy efficiency, renewables, circular economy, distribution and recharging networks.

As for the real estate industry, the firm's investment solutions have been designed to bridge the lack of private equity real estate funds aimed at converting, enhancing and regenerating buildings into urban social infrastructure, through innovative management formats and styles, including smart/coworking, student housing, hosting and co-living/shared housing.

When asked whether alternative credit assets could potentially help investors to reduce risk given their lesser downside and price volatility compared to public credit, Ottina says: "We think that investments in alternative credit assets themed on infrastructure represent an important opportunity for public credit investors since these allow them to diversify their investment portfolios with high

market trends decorrelation, stable, long term returns, and positive ESG impacts."

With regards to the best investment opportunities the alternative manager currently sees in Italy, Ottina points at green infrastructure projects to facilitate the energy transition.

According to him, the 2030 Climate Agenda (EU's climate policies set up for 2030) to limit global temperature rises will require huge amounts of investments from all countries, including Italy, in green infrastructure to boost this green transition.

The current 2030 goal is a 40% emissions reduction benchmark. European Commission figures, published last year after the adoption of new EU laws on renewables and energy efficiency, suggested that at least 45% might be achieved.

Ottina explains: "In our country, the offer of capital and financing to support it is currently limited to a few private equity funds and traditional commercial banking channel, focused both on the secondary market and large-sized renewable projects already in operation.

"As a consequence, there's a tremendous opportunity to invest domestically in greenfield energy infrastructure and energy efficiency projects of small to medium size.

"We equally believe that investing in problematic properties in the Italian market – converting them into innovative, sustainable and environmentally-friendly social real estate infrastructures for the benefit of millennials and centenarians – represents the new frontier of private equity real estate."

with 2019 being the firm's debut year, its main goal is to close the first round of fundraising for the firm's first two strategies at €50m and €100m of AUM, respectively by the third or the fourth quarter of the year.

Once this objective is achieved, the manager will focus on operational execution and will subsequently launch a second private placement round for both funds in the second quarter of 2020, with the aim of closing them at about €500m by the summer of 2020. ■