

Press Release

## ACP SGR launches Sustainable Securities Fund to support energy transition and Italian real economy

***The first Italian debt thematic AIF, reserved to institutional investors, among which the EIB (European Investment Bank) and leading Italian banks and pension funds. This innovative instrument will finance new infrastructure projects to support climate and energy transition in Italy, thus promoting sustainable investments supporting SMEs with increasingly strategic social and environmental impacts for the post Covid-19 recovery***

**Milan, 23<sup>rd</sup> June 2020** – The energy transition is an inescapable step towards meeting the post-Paris 2015 climate agenda and the European New Green Deal, as it represents an even more strategic opportunity to relaunch the national economy in light of the impact of the current pandemic; however, it requires the mobilisation of extraordinary public and private investments, even more important in a macroeconomic context, which was already complex before the spread of Covid-19, and which needs patient capitals in name of sustainability. In particular, in Italy alone more than €400 billion<sup>1</sup> of investments in "green" energy infrastructure are expected by 2030 to finance mainly energy efficiency, sustainable mobility, circular economy and renewable energy projects.

Against this backdrop, **Alternative Capital Partners SGR** - created with the mission of combining ESG principles and innovative alternative investments with a high impact on the environment and the real economy - announces the launch of **Sustainable Securities Fund (SSF)**, the first Italian thematic private debt fund that finances "Green" energy infrastructures through a highly diversified, in terms of financial instruments, multi-strategy approach, and advanced digital technologies, thus offering medium-to-long term financial returns de-correlated from market trends, anti-cyclical, with reduced volatility and pretty stable cash-flows, in line with the current needs of institutional investors.

The fund, whose first closing is expected by Q3 this year, with an overall target of €200 million, has already received the first major commitments at a European level. In fact, the European Investment Bank (EIB) has committed to invest up to €40 million with the European Fund for Strategic Investments (FEIS) and Enpav, which granted its support to a thematic private debt fund for the first time in Italy; this commitment is given only when the products are considered by the FEIS to have an impact of systemic relevance for the economic and social development of the country. The EIB has already been joined by leading Italian banks and pension funds, while other 16 institutional investors such as commercial banks, insurance companies, banking foundations and pension funds and have started their due diligence.

**ELIGIBLE PROJECTS: FOCUS ON INFRASTRUCTURES AND SMEs IN ITALY** - These projects will be both small and medium-large in size and will be in Italy, with the SME segment as main counterparts, for which access to traditional financing channels could be more difficult in the medium-to-long term, due to a more uncertain macro-economic framework. Thanks to this investment strategy, the fund will offer a true opportunity to relaunch the Italian real economy by financially supporting "green" projects with a bold impact in hindering the main environmental and health risks; in this regard, the strong link between climate change and the alteration of the transmission processes of infectious diseases has been known for quite some time ("The World Health Report", 2007).

**Evarist Granata, CEO & Head of Alternative Capital Partners SGR's Private Capital division**, with more than 20 year-experience in Private Capital investments in various industry segments and in particular in infrastructure, energy and environment, and strategic consulting, says: *"The Sustainable Securities Fund (SSF) represents the concrete response for the post-Covid-19 phase, as it gives to a growing number of professional investors and funds of Alternative PIR funds (as per the 'DL Rilancio') the opportunity to truly support Italy's real economy in a sustainable way, with 100% green infrastructural investments, according to the EU Taxonomy, and with lower capital absorption for insurance companies and banks. SSF stands out as a complementary instruments to the banking system aimed to finance – with*

<sup>1</sup> Source: Piano Nazionale Energia e Clima, December 2018, related to energy infrastructures, excluding vehicles, transmission networks and other

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*a wide range of instruments such as mezzanine debt, uni-tranche and equity – the numerous investment opportunities on energy efficiency (eco-bonus included), renewables, sustainable mobility and circular economy, diversifying in a cautious way the allocation on alternative illiquid impact asset classes in an historical time characterized by low rates and high volatility. Nearly as pioneers in Italy, we approached this niche of private green debt markets, which is still unexplored, in order to facilitate the energy transition and possibly mitigate the risks and effects of climate change; thanks to the solid sector specialisation of our investment team (made up by 5 senior professionals) we have developed a highly innovative approach to the management and allocation of financial and non-financial risks (ESG) through our proprietary fintech platform".*

**FINTECH SUPPORTING ESG** - For the assessment, management and monitoring of investments, ACP SGR will leverage another distinctive feature of its asset management strategy, that of technological innovation: **the team will use a proprietary Fintech platform** that, through the implementation of big data analytics artificial intelligence models supported by exclusive partnerships with leading operators in the digital finance and risk rating, will optimise the risk rating, pricing and advanced investment management processes, thus ensuring a high degree of diversification and optimization of the invested portfolio and allowing to operate efficiently also through the securisation of debts of any nature and size, linked to energy interventions.

**THE SUSTAINABLE SECURITIES FUND IN DETAIL** - Sustainable Securities Fund will be the first fund able to finance in an extremely flexible and efficient way – also through syndications with other banks – green energy transition projects, throughout the main four investment segments: energy efficiency, distributed generation and sustainable mobility, circular economy and renewable utility scale; for each of these segments, partnership agreements have already been signed with leading operators, developing a first portfolio of about 25-30 projects in the pipeline to be financed, with an expected investment value of over €200 million.

#### **SUSTAINABLE SECURITIES FUND (SSF)**

STRUCTURE	Closed-end alternative investment fund (AIF) under the Italian law, reserved to professional investors
DURATION	10 years with a 3-year extension allowed
EXPECTED RETURN	> 7,5% net per year with no financial leverage
SIZE	Target/Hard Cap €150-200 million. First closing expected by Q3 2020
INVESTMENT CLASSES	<ul style="list-style-type: none"> <li>– Green Project Bonds also listed on Senior, Unitranche and/or Subordinated classes for direct investments on SPV projects</li> <li>– Green ABS unitranche or junior for indirect investments, through the acquisition of credits from energy agreements</li> <li>– Equity up to 20% of commitments, secondary to the above-mentioned debt investments</li> </ul>
MANAGEMENT TEAM'S TRACK RECORD	Creation and management of 70 closed-end reserved AIFs, of which 15 focused on infrastructures and energy, for an amount of AuM and transitions equal to €6 billion

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#### **Alternative Capital Partners SGR Spa**

Alternative Capital Partners SGR Spa (ACP SGR) is an Italian Alternative Investment Fund Asset Management Company (GEFIA), authorised in 2018 and supervised by the Bank of Italy and Consob, signatory of the Principles for Responsible Investments (PRI), created with the mission of combining ESG (Environmental, Social & Governance) sustainability principles and alternative investments with a high impact on the environment and the real economy.

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