

**EOS Investment Management
Exploring The Italian Private Capital Market**

On 14th June 2016 EOS IM was pleased to actively participate and contribute to the Italian Association of Private Equity Venture Capital e Private Debt (“AIFI”) & EY Event held in London: Exploring the Italian private capital market. The event was focused on the Italian Private Equity (“PE”) market and opportunities. Italy is the 2nd largest manufacturing economy in Europe. The manufacturing sector is characterised by a huge number of innovative SMEs, which are export-driven. A significant percentage of the SMEs have significant growth potential, but are still highly dependent on bank debt to finance this. In line with AIFI’s objectives, the purpose of the Event was to bring together representatives of the PE sector and significant institutional investors, in order to explore the opportunities in Italy in a an open forum format. This was organised as a thought leadership Event, supported by parties such as the European Investment Fund (EIF). These positive developments are accompanied in the SME market where Italian companies are looking for opportunities to grow internationally and to benefit from the skill sets/resources which can be brought the table by the PE firms. The scene was set through Andrea Guzzoni’s (EMEIA TAS Leader of EY) welcome address, Innocenzo Cippolletta’s and Anna Gervasoni’s (respectively Chairman and General Manager of AIFI) speeches. These speeches covered trends in the Italian economy, along with key figures and statistics. **This was followed by an interactive Panel session (involving the audience of institutional investors) which focussed on the opportunities, requirements and key elements associated with successful investment in the Italian PE market. The aim being to explore both the institutional investors objectives/requirements and to facilitate investments into the Italian real economy. EOS IM proactively supported the Event, through the participation of Simon Elvidge, EOS IM Board Director, as one of the three speakers on the heavy weight Panel.** The Panel was moderated by Sachin Date, EMEIA Private Equity Leader at EY, with other the Panellists being John Holloway, Equity Investment of EIF, Luigi Tommasini, Senior Partner of Fondo Italiano d’Investimento and Fondo Italiano d’Investimento Greg Ciesielski, Vice President of HarbourVest. Simon discussed the advantages of investing through established international fund structures (e.g. in Luxembourg) and robustly regulated fund managers (e.g. in London), with local investment teams who are “on the ground” in Italy. The funds thus benefit from local teams that have a detailed knowledge, local interaction with the SMEs and the ability to directly apply the expertise to the investments. He explained that Italian SMEs need PE firms that can provide not only equity, but both a tailored service and professional support services, required by institutional investors for target companies. EOS IM could speak from experience, having a strong local presence, through its PE Investment Team. The EOS group structure potentially allows the Fund, and indirectly investors, to access a larger set of investment opportunities and capture the premium deals available on the market, and lead to more attractive economic terms due to a lower level of competitions. It is about being at the right place at the right time, with a strong investment team a well established track record. Simon emphasised the importance of the fund managers operating robust procedures and processes, to provide the required reassurance to the

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institutional investors. A topic of discussion was the institutional investors requirement for greater transparency and comprehensive management information. This is not just during the investment stage, when the institution's investment committee will be selecting Funds, but also the periodic reporting, during the life of the investment. This totally conforms with the approach of EOS Private Equity, because we believe that personal interaction with the local management of the SMEs and the institutional investors, is still a very strong driver of the business, in terms of getting the right deals. We decided make a partnership with AIFI, because we both agree that the correct approach is to "Think Global & Act Locally" is the best way to generate value for both the investors, the enterprises and the real economy. AIFI has just opened an office in London with the objective of enhancing the representation of Italian PE, Venture Capital ("VC") and Private Debt abroad (Thinking Globally) and bring investors into Italy (Act Local). AIFI and EOS IM believes that Italy is now the right place to invest, as a strategic move and to earn profitable returns over the medium-long term.

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