



7<sup>th</sup> Annual Meeting IFSWF Milan - September 29, 2015





# **FSI endorses Santiago Principles**

**Legal framework** 

Governance

**Investment and Risk** Management



#### Certificate of Membership

This is to certify that the institution named below is a Member of IFSWF Limited

#### Fondo Strategico Italiano SpA

Signed on 19 November 2014 in Doha



# 1. Legal framework – Cdp, the parent



Joint-stock company owned by Cdp, the Italian Development Bank, majority owned by the Italian Government

Investor of Italian families savings collected through the post office

Long-term patient investor focused on growth equity



### 2. Governance

#### **Board of Directors**

2 out of 6 independent members

#### **Investment Committee**

4 internal managers and 2 external experts

#### **Strategic Committee**

Provides opinions on sector allocation and investment policies



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Bader M. Al Se'ad Adeian Orr IFSWF Chair IFSWF Deputy O

#### **Board of statutory auditors**

Supervises the compliance with law and by-laws

#### **Internal auditing**

**Internal inspection body** 

# Internal rules and procedures

Code of Ethics
Related Parties guidelines
Conflicts of interest
guidelines



# 3. Investment and Risk Management

#### **Investment Policy**

- Transparent and meritocratic investment process, based on Market Economy Investor Principle
- Equal treatment
- Cost effectiveness

#### **Risk Management**

- Risk Management and Compliance directly report to the Board of Directors
- Risk Management and Compliance policies are approved and can be changed only by the Board of Directors
- Single investment and sector concentration limits
- Third Party portfolio appraisal twice a year



# FSI's investment policy

#### **Structure**

- Mainly minority investor partnering with family owners
- Active governance rights
- **■** Limited recourse to leverage

#### **Approach**

#### **Growth equity to:**

- Increase size
- **■** Facilitate succession

#### **Perimeter**

Businesses that are already or have the potential to become global leaders in their segments

#### Investment horizon and exit

- Mid-term horizon
- IPO as preferred exit strategy

#### **Market presence**

- Disciplined market investor
- Institutional profile



# FSI's investment formula is welcomed by Mid Caps owners

Met more than 300 potential targets - 130 proactively contacted FSI

38 strong candidates have not been pursued because of investment perimeter constraints

Most situations on a proprietary basis

No / limited participation in auction processes

46 investment opportunities discussed in the Investment Committee

18 offers presented - 10 investments completed



# FSI has a solid track record

Invested € 2.8 bn to date

Portfolio as of June 30, 2015, valued at 1.21x of cost by an independent valuator

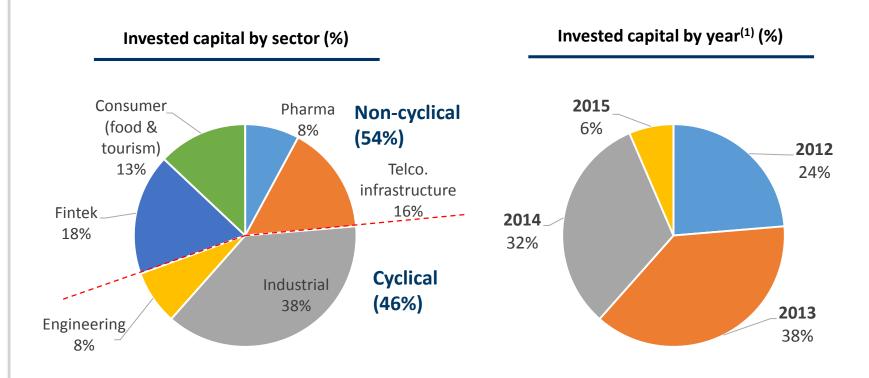
1.3x money and 20% IRR

Balanced portfolio by sector and cycle

Minority ownership with active governance resulting in value creation



# Portfolio by sector and year of investment



- **□** Well balanced portfolio among cyclical and non-cyclical sectors
- **□** Relatively constant investment pace across years

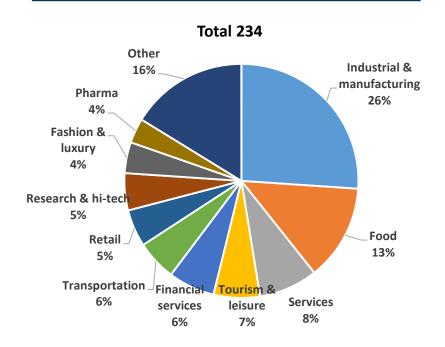


# FSI's pipeline

#### **Opportunities by stage**

# "Early stage" / ideas presented 78 Opportunities not pursued 139

#### **Opportunities by sector**





# **Co-investment partnerships with SWFs**





**Co-investment vehicle** 





**Joint Venture** 

## **Co-investment partnerships**





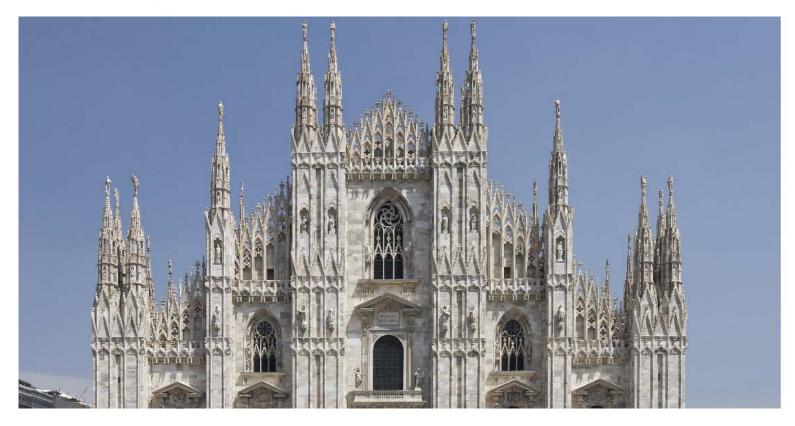




# FSI promotes a new Italian Mid Caps growth equity fund to share the pipeline

Target size of € 2.0 bn with € 2.5 bn cap
CDP as anchor investor and promoter, committing up to € 500 mln
Anchor investors have the right to co-invest
Focus on Italian Mid Caps with potential to become global leaders
Mainly minority with active governance rights
Limited recourse to leverage and IPO as preferred exit
Single Fund's investment size in the range € 50-250 mln
Fund term of up to 12 years, consistently with a long-term "patient" investor approach
Investment approach combines: i) investment professionals; ii) industrial experts
Alignment of interests mechanisms in line with market practice





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