



State Street Studies the Italian Venture Capital Market

The world's biggest asset custodian is scouting institutional investors to find potential partners in high- and bio-tech investments. Encountering some problems, mostly due to localism

Fondamenta Sgr, headed by 50-year old **Giuseppe Campanella**, who cover the Italian business of State Street Global Investors, considers investing in Italian venture capital,



Giuseppe Campanella

with a particular approach. "We are studying a mechanism capable to convey Italian private and institutional capital into investments in high tech and life sciences. It is not easy, though" says Campanella. Campanella and his team, who have good relationships with an array of banking foundations, are basically scouting Italian institutions to find co-investors in

high-tech and life science initiatives. However, they have found a big problem in the attitude of several of them. "The main issue is localism. Almost every public or semi public institution wants to invest in its own territory, and indiscriminately, i.e. with no selection of the soundness of the project. This makes it impossible to achieve a critical mass and allocate resources efficiently," he adds. And applying localism to high-tech investments is particularly inappropriate in a

country where those initiatives are very scarce, given also that the contribution traditionally paid by large groups like Montedison and Italtel, tends to be smaller and smaller. Nearly echoing his words, the few initiatives in venture capital launched by local entities average amount to less than Eur 50 mn. The only fund to attain that amount is Next, sponsored by Region of Lombardia's financial arm Finlombarda, headed by **Marco Nicolai**. Fondamenta, instead, is backed by a

group, like State Street Global Investors, which is the world's biggest custodian and administrator of mutual funds' assets, with US\$ 1,600 bn under management as of the third quarter of 2006. One of its key clients is Deutsche Bank's DWS. Fondamenta Sgr, which is unique all over the group, is also the only fund of private equity funds in Italy. Born with the aim to be a manager of pension funds, in joint venture with Mediolanum, in 2001, upon realizing that this industry was not taking off, State Street bought Mediolanum out and started operating in private equity. Now Fondamenta Sgr has around Eur 150 mn funds under management, but is expanding in new areas of the private equity world. It has recently launched a fund reserved to renewable energy investments, Atmos, which has around Eur 50 mn, and has just begun to market a special situations fund.