



BAI Newsletter – June 2020

Editorial article from Frank Dornseifer, Managing Director, BAI e.V.

Dear Ladies and Gentlemen, dear members,

Infrastructure - environmental, socio-economic and technological changes create a new dynamic

A topic that has struck a chord in recent years, no matter whether in politics or with investors, is infrastructure. Infrastructure is high on the political agenda - for reasons that all of us regularly encounter in our everyday lives. It is therefore not surprising that this topic is prominently featured in the EU Commission President von der Leyen's so-called Green Deal: starting with trans-European energy networks, through the development of sustainable and intelligent mobility, to the achievement of climate neutrality, etc. The same applies for the European data strategy. Shaping Europe's digital future requires investments in next generation standards, tools and infrastructures for storing and processing data. Only then will it be possible to accommodate the rapid growth in data volume as well as the use of new technologies such as block chain, etc. Only recently the Federal Minister of Economics, Peter Altmaier, and his French counterpart, Bruno Le Maire, presented the key points and next steps of the GAIA-X project to establish a European data-infrastructure. This non-exhaustive infrastructure hit list must necessarily include the broad-based European investment offensive, which also provides for massive investment in infrastructure. Just as a reminder: the World Economic Forum, referring to the Global Infrastructure Hub, puts the worldwide investment gap in the infrastructure sector up to the year 2040 at no less than 15 trillion US\$, i.e. 20 times the EU Commission's Corona stimulus package.

Given this gigantic investment volume on the one hand, and the very positive connotation of infrastructure as an essential basis for economic and social activities on the other, it is hardly surprising that this term is increasingly subsumed: i.e. starting with telecommunications, transport and traffic (including airports and harbours), railways, bridges and roads, utilities and (renewable) energy, to social and, of course, digital infrastructure.

As an asset class that was almost exclusively shaped by economic factors for many years, it is now increasingly influenced by socio-economic, ecological and technological trends such as climate change and the associated expansion of renewable energies, technology (InfraTech), and digitalisation and the associated expansion of fibre optic networks. Additionally, there is the digitalisation of cities including autonomous driving and, last but not least, social and demographic changes including urbanisation. The economic component is gigantic, which is why we never tire of stressing that this financial tour de force can only be accomplished in cooperation with both the industry and institutional investors.

To be clear: I am not talking about technical infrastructure as the basis for digital activities (like fibre optic cables), but rather about the so-called token economy and the tokenisation of infrastructure assets or, in other words, the transformation of the hydroelectric power plant into the block chain.

A brave new digital world, which is anything but trivial. In a recent interview with the *Börsen-Zeitung*, I commented on the "side effects" of tokenization and the legal and regulatory obstacles that still have to be removed, related, for example, to real assets from the perspective of institutional investors. You can find the complete interview on the BAI homepage in the section "Press" under "BAI in the media".

By the way, for those of you who are wondering why the term "corona" has still not been mentioned in this editorial, please read on at your leisure. At the end you will find a reference to the expert articles in this newsletter, which are both worth reading and deal with said subject.

Redesign of the BAI-Infomail and Overview of the BAI Specialist Committees

One of the central tasks and services of BAI is to provide member companies and investors with up-to-date, regular information on legislative projects, consultations, political decision-making and coordination processes, etc. concerning the topic of alternative investments. The figurehead for this USP is the BAI-Infomail, which is highly appreciated by members and investors, even if the content is not always entirely pleasant.

We know you have gotten used to the format and structure of the BAI-Infomail, still we felt it was time to modernise the layout and restructure the contents to improve user-friendliness. The structure is now based around BAI's relevant specialist committees "Fund and Market Regulation", "Investment Taxation Law" and "Investor Regulatory Law" and the topics dealt with there. In the area of fund and market regulation, these are in particular the topics AIFMD/UCITS/CAGB, MiFID, EMIR, short selling, sustainable finance, SFTR, regulation of cryptoassets, etc. In the area of investment taxation, these especially include the topics of the German Investment Tax Act (InvStG), the German Foreign Trade Tax Act (AStG), FTT, DAC-6, ATAD, etc. In the area of investor regulatory law, the topics of solvency, VAG, CRR, etc. are particularly relevant. Simultaneously, the BAI-Infomail will report on upcoming consultations and related statements, important parliamentary dates, dates of meetings of the specialist committees, etc.

We are also making a change in way the Infomail is circulated. In future, our members will receive the table of contents of articles with the BAI-Infomail and can log directly in to the member area of the homepage in order to gain access to the full content. Non-members who have registered for the BAI-Infomail will only receive the table of contents without the possibility of logging in. Institutional investors who register for the Infomail will receive a compressed version of the BAI-Infomail. In the course of the upcoming redesign of the BAI homepage, we hope to further improve the functionality of the BAI-Infomail with regard to linking the contents to the homepage. The Law & Regulation section will also be further expanded, so that you will find articles from the Infomail, broken down by topic, under the relevant regulatory headings. The redesign of the BAI homepage will however only be implemented after the summer break, and we will inform you about the details then. For the time being, we hope that the redesign of the BAI Infomail has already increased its value and readability. We would be grateful for any further suggestions for improvement - also with regard to the BAI homepage.

Please note that the next BAI-Infomail will be circulated week focussing on highly relevant topics for asset managers and their investors, example the revised circular of the German Finance Ministry on the Investment Taxation Act, which is now under consultation, the AIFMD-report of the EU Commission which outlines to some extent the agenda for the upcoming AIFMD review, and many other topics. The BAI-Infomail is – as always – worth reading.

AIC 2021

At this point I would have liked to - once again - have reported on a great Alternative Investor Conference (AIC), with a new record number of participants, great keynote speeches, exciting panel discussions, a top-class investor workshop and an entertaining evening program. But, as we all know, something has come up, and so it is time for us to look ahead again to AIC 2021. You will have already noted the date (April 27 and 28 2021), as well as the fact that Prof. Weder di Mauro will give her keynote address next year. Equally encouraging is the fact that practically all of this year's sponsors will continue to support us in the coming year, and for this I would like to express my sincere thanks - not least on behalf of the board and the office. We therefore look forward to next year's AIC and to seeing you again in person. Although we have noticed that our webinar activities, which have been further intensified, have been very well received and that through these we can offer many of the themes that we would have presented at AIC in an interactive online format, it is our strong desire to offer face-to-face meetings again as soon as possible. As a result of the consequent and vehement restrictions of the past weeks at federal and state level, we hope to see some return to normality in our event formats after the summer break.

About the Contributions to this Newsletter

And since we are on the unfortunately still omnipresent topic of the "Corona pandemic", may I also introduce you to the topics of the articles in this newsletter, which, due to the situation, naturally also examine the pandemics impact on the infrastructure sector. These are:

- Infrastructure Investments: We will soon experience an unprecedented shift from liquid to alternative asset classes, Interview with Dr. Peter Brodehser, Talanx Group - Ampega Asset Management GmbH
- Renewable energies defy the crisis - IMPACT OF THE CORONA CRISIS ON THE ASSET CLASS OF RENEWABLE ENERGIES, by Markus W. Voigt, aream group
- Infrastructure Investments in renewable energies enable returns and impact, by Alex Widmer, BlackRock
- Infrastructure facilities and their diversity, by Marc Moser and Walter Knüsli, Reichmuth & Co Investment Management AG
- Impact of market distortions on the asset class infrastructure, by Markus Landes, SOLUTIO AG
- Infrastructure investments in a changed market environment, by Dr. Sofia Harschar, Universal-Investment

In addition, we are pleased to present an interview with Mr. Bernd Franken, Managing Director for Investments of Nordrheinische Ärzteversorgung, who gives his opinion on current AI topics from an investor's perspective.

I would also warmly recommend reading the interview with Mr Burkhard Balz, member of the Executive Board of the Deutsche Bundesbank, whom I had the opportunity to interview on the ongoing work on the introduction of digital central bank money, the Bundesbank's view of the Facebook project LIBRA and the resulting risks and effects on markets and the financial sector. Mr. Balz had been requested as a keynote speaker for AIC in order to present this exciting and challenging topic, relevant also for the AI industry. We are therefore very pleased to be able to introduce this topic to you in our newsletter. The timing to present this topic right now is ideal, as the Germany banking association just presented their position paper on the digital Euro and Prof. Sandner of the Frankfurt School Blockchain Center presented a Roadmap for the digital Euro. It goes without saying that this is a crucial topic for the asset management industry, too.

Last but not least, I would like to remind you that - accompanying this newsletter - the BAI homepage provides information on the broad subject area of infrastructure, with a large number of specialist articles, interviews, guidelines, studies, lecture notes and, of course, statistics and market data, and hopefully provides new food for thought. I invite you to give it a look.

And now I wish you an informative and entertaining read