

Dear ladies and gentlemen, dear members,

the Alternative Investor Conference (AIC) is back – with a ton of power!

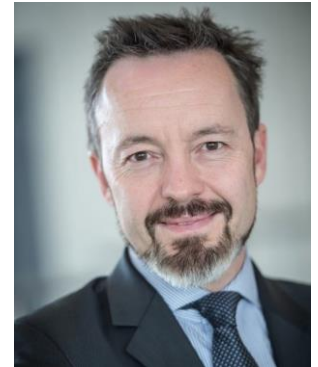
After last year's cancellation due to Covid -19, the BAI office, members, sponsors and especially investors heavily agreed on the following statement: the cancellation of the AIC 2020 left a huge gap. This unique platform is indispensable for the industry's and investors' professional and personal exchange! We precociously decided to host this year's AIC as a completely virtual conference but simultaneously, we wanted to make sure to connect to the feeling of a physical AIC while presenting a diversified and top-class program.

So, the virtual relaunch of the AIC took place last week. And hopefully, you were there. With new ideas, a top-class program, 40 sponsors and media partners as well as a certain tension, we went live on air out of a television studio in Frankfurt from April 27 to April 30. About 750 participants, amongst them 110 institutional investors, signed up for the event to follow four keynotes, 21 presentations, two panel discussions and an exclusive investor workshop. You can imagine that given those numbers, a certain pressure rested on our shoulders. Other notable conferences this year were already cancelled or held in a stripped-down version. However, our benchmark is different and we did everything to not only present a top-class program, but also provide room and formats for personal networking. You were able to gain your own impression of the result last week and we received very positive feedback from many participants regarding the program, the conference platform, the networking possibilities, etc. The AIC is back with a ton of power. Power which many desire in politics or elsewhere.

Enriched with impressions from last week, I want to share with you a few key findings:

We quite hopefully and optimistically looked into the post-covid world with Prof. Beatrice Weder Di Mauro, economist, economics professor and president of the Centre for Economic Policy Research (CEPR), even though challenging topics such as the handling of inflation risks as well as the sovereign debt crisis will determine political discourse and capital investments throughout the next months and years.

With Prof. Veronika Grimm, holder of the chair of economics at the Friedrich-Alexander-University Erlangen-Nürnberg and member of the Council of Economic Experts, we focused on a green world and green future, respectively, which is being shaped by opportunities and challenges. Also, regarding capital invest -



Frank Dornseifer,
BAI e.V.

ments, her explanations and thoughts were very constructive. She sees Germany and Europe as profiteers of the green transformation because of their technology competence, putting a special emphasis on hydrogen technology.

During the Investor's Day, Bernd Franken, CEO Capital Investments at Nordrheinische Ärzteversorgung, offered extensive insight into his portfolio and its further development, which is strategically shaped by private markets and ESG topics. His presentation and the ESG Panel the day before left no doubt that especially private market assets are playing a leading role in transforming into sustainable capital investments. A significant signal for alternative investments.

Obviously, even during a virtual AIC, a political keynote cannot be missing. Therefore, the presentation of Dr. Jörg Kukies from the Federal Ministry of Finance (BMF), who reported on a series of current legislative proposals on national and European level and subsequently answered numerous – partly critical – questions, was eagerly awaited. Dr. Kukies defended the results achieved in regards to the funds location law, such as the debureaucratization of reporting obligations, the introduction of new types of funds or the VAT-exemption for the management fee of venture-capital funds. At the same time, he admitted that those results only display first steps and that more topics will have to be dealt with prospectively. The BAI already submitted suggestions to this within the framework of other legislative procedures. Furthermore, the investment opportunity for special funds in Cryptocurrency, which was mentioned by the BAI and emphasized in Dr. Kukies' keynote, is an essential step and will be addressed at short notice – following diverse reservations and problems, respectively, in the inter-ministerial coordination – through the approval of the emission of shares in a fund of the blockchain, which is mentioned in the eWpG. In relation to the upcoming AIFMD-review, Dr. Kukies commented that the review should be moderate and selective in case flaws are found. The

German priorities also include the European wide harmonization of rules for credit funds. He also stated that the now by law implemented European policies regarding Pre-Marketing for institutional investors are excessive and have to be reassessed in the course of the AIFMD-review. I was only able to confirm this necessity in our discussion and welcome, that the BMF and parliament realized how much has to be done in order to strengthen Germany as a fund location. Regarding the AIFMD review, I also assert that German regulation standards, such as with respect to credit funds, cannot display a European benchmark, as long as they are not put under scrutiny by the BaFin and constructed in a more workable way. Even here, Germany is more a distribution market rather than a production location. Funds "Made in Germany" are still not seen as a seal of quality. And this exactly is the point we have to address to successfully approach international asset managers and investors. Thus, this was my message to Dr. Kukies, which will hopefully be listened to by him and the BMF, even after the next Bundestag elections.

Framed by the keynotes, we then had multiple presentations by members and sponsors which were met with major response. Because one thing is clear: with or without covid-19, the capital asset industry does not tolerate stagnancy, on the contrary. That is exactly why in last year's BAI Investor Survey we felt with 80 institutional investors having 1,300 bln. AuM and additionally evaluated the hot topics in the capital asset industry with our more than 240 members, which we presented at the AIC last week. The main topics – as already mentioned – were especially private markets and ESG. In detail, it was also about whether the allocations restrictions due to covid-19 will be short-term, which geopolitical and allocational challenges investors have to deal with mid- and long-term, which new trends and return-driving forces determine private market strategies, which importance capital preservation, alternative risk premia, but also Special Situations and distressed debt strategies will have in the portfolio of the future, etc.? And furthermore, we featured highly topical regulatory presentations, e.g., regarding the efficient integration of ESG and sustainability criteria in capital investments and risk management. As I said, I hope you took part! For everyone who was not able to follow all presentations, we are working on providing those in either Talque or a closed section on our AIC website so you will be able to watch them.

We want to thank all participants, sponsors and speakers at this point for using and supporting the virtual format and thereby contributing to the success of this conference. It was hard work for us, in the conference studio as well as offstage. But it was fun

so we are beyond happy about your positive feedback. We also expect critical feedback and suggestion for improvement because: after the AIC is before the AIC! Hence, you should already make a note of the AIC 2022 which will take place on May 3 and 4 2022. And we are firmly convinced that we can meet in person. We will inform you in due time about further planning, innovations and opportunities for sponsoring.

Recent BAI publications

Needless to say, our normal day-to-day business is running during and after the AIC, even though this is everything else than ordinary, neither on the market nor on the regulatory side. As you know. To keep you up-to-date regarding market and regulatory topics, we updated a series of our fact sheets since the beginning of the year and also published our Market Mail II/2021 shortly before the AIC. So, take a look at our beautiful website. It is worth it! Besides, our next BAI-Infomail containing numerous regulatory topics will be sent around soon. As underlined in the last editorial, we are in a regulatory bombshell year and we help you to stay on the ball.

Focus on Private Equity

At the AIC – once again – private equity topics were part of the program highlights and we did not have an exclusive workshop "Evolution in private equity investing from an institutional investor's perspective" for no reason. Otto Hörner, Head of Asset Management at BASF SE, granted numerous investors insight into his portfolio and explained its evolution in the past years. He also used diverse examples to present challenges and problem-solving approaches for portfolio optimization, as well as the development and learning curve which set the basis for a lively discussion between the 50 participants.

Consistently, the main topic of this newsletter is dedicated to private equity with multiple expert contributions worth reading which I can recommend to you at this point.

I wish you an informative read!

Frank Dornseifer